



仁恒  
YANLORD

**Yanlord Land Group Limited**  
仁恒置地集团有限公司

Registration No. 200601911K

9 Temasek Boulevard  
#36-02 Suntec Tower Two  
Singapore 038989  
Tel: (65) 6336 2922  
Fax: (65) 6238 6256

[www.yanlordland.com](http://www.yanlordland.com)



# ARISE

YANLORD LAND GROUP LIMITED

ANNUAL REPORT 2014

**ENHANCED**  
Strengthening our presence  
in China

**PRIMED**  
Formulating strategies that  
generate growth

**YANLORD  
LAND  
GROUP  
LIMITED**

ANNUAL  
REPORT  
2014





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MANAGING WITH BENEVOLENCE AND INTEGRITY, ACHIEVING PERPETUITY THROUGH PERSEVERANCE

ABOUT US

Yanlord develops high quality properties that distinguish themselves amidst the localities that they are in. Properties developed by us are characterised by outstanding architectural design and quality construction. With a track record in developments located at prime locations, our brand name, just like the properties we build, is an icon in itself.







P R I M E D

FORMULATING  
STRATEGIES  
THAT  
GENERATE  
GROWTH



Guided by effective leadership, we will maintain our focus on developing high-end residential, commercial and integrated property projects in key high-growth cities in the PRC. Fortified with a prudent and calculated expansion strategy, this will ensure that we are well primed to grow our landbank and deliver greater value to our stakeholders.





## CHAIRMAN'S STATEMENT

Dear Shareholders

It is with great pleasure that I present to you Yanlord Land Group Limited's ("Yanlord" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2014 ("FY 2014").

FY 2014 was characterized by a degree of polarity between the major global economies. The United States of America exhibited its preliminary signs of economic recovery since the financial crisis while the European Union and Japan continue to report sluggish recoveries in the economies. The People's Republic of China ("PRC") with its on-going economic reforms continues to grow albeit at a slower pace. These factors coupled with the decline in crude oil and commodity prices add

to the possibility of deflation and have resulted in central banks across the globe adopting various monetary easing measures to guard against potential challenges which may arise.

Against the backdrop of these mixed economic signals, Yanlord will, as it has done in the past, continue to maintain its healthy cash position and prudent financial policies while seeking for additional opportunities to augment its position as one of the leading developers in the PRC. I would like to share with you my views and continued confidence about the outlook of the PRC real estate industry as well as the Group's sustainable growth strategy and future development plans.



THE GROUP'S PROFIT FOR THE PERIOD WAS LARGELY STABLE IN FY 2014, RISING 1.3% TO RMB2.119 BILLION FROM RMB2.092 BILLION IN FY 2013, WHILE PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY WAS RMB1.359 BILLION IN FY 2014.

## RESULTS AND HIGHLIGHTS

### Steadfast Sales Performance, Laying the Groundwork for a Stronger Year Ahead

Volatilities persisted in the PRC real estate sector in FY 2014. A tight credit and regulatory environment in the first half of the year saw slower sales as home owners sought to bargain hunt. However, the general market sentiment became significantly more positive in the fourth quarter of the year following a series of favourable credit policies such as reductions in interest rates and bank reserve ratios. This favourable sentiment was further accentuated with

the progressive relaxation of austerity measures introduced since 2010 which resulted in an uptick in tail end of the year.

Recognised revenue of the Group rose 4.0% to RMB11.733 billion in FY 2014 from RMB11.280 billion in FY 2013, mainly attributable to a higher average selling price ("ASP") of RMB26,733 per square metre ("sqm") achieved in FY 2014. Total gross floor area ("GFA") delivered in FY 2014 was 422,813 sqm. The Group's profit for the period was largely stable in FY 2014, rising 1.3% to RMB2.119 billion from RMB2.092 billion in FY 2013, while profit attributable to equity holders of the Company was RMB1.359 billion in FY 2014.

The progressive relaxation of austerity measures signals a much awaited move towards normality for the PRC real estate sector. With the gradual maturity of the PRC home buyers, I believe that development quality coupled with a strong reputation for dependability will be the key competitive advantages for a PRC property developer going forward. This bodes well for Yanlord which is well known in the PRC for its product quality and quality control. Capitalising on our track record and comparative advantages in the development of quality projects, sizable landbank in prime locations within high-growth cities in PRC coupled with our healthy financial position, we are well poised to tap on the long-term growth prospects of the PRC real estate sector.



# CHAIRMAN'S STATEMENT

## Investment Property Portfolio

Developing a stable recurring revenue stream was a strategic initiative undertaken by the Group to grow a core business segment that will complement our revenue from property development. In FY 2014, we actively laid the groundwork for the next phase of growth of our investment property portfolio. In addition to our commercial projects in Chengdu and Tianjin, our hospitality assets Nanjing Frasers Suites and Chengdu Frasers Suites continued to win accolades for service excellence within their respective cities. Total revenue from property investment was RMB448 million in FY 2014 while total completed GFA of investment property held by the Group was approximately 341,000 sqm by the end of FY 2014.

Looking ahead, we are set to progressively complete additional investment properties across the PRC and capitalise on our expertise to deliver an experience that will continue to exceed the demands of our discerning customers. With this continued injection of new projects and maturity of our product offering, I am confident that contribution from this business segment will grow steadily to complement Yanlord's property development business segment and further strengthen our competitive advantage within the industry.

## Land Acquisitions

On 15 April 2014, Yanlord announced its successful acquisition of a 171,200 sqm GFA prime residential development site in Suzhou Gao Xin District for approximately RMB1.35 billion in a public land auction. Nestled within the picturesque Suzhou City, the site is surrounded by lush natural features such as the idyllic Suzhou Grand Canal to the east and the HengShan Park to the west. Well connected via key thoroughfares running through the city, the site resides within Suzhou's focal school district and further benefits from its close proximity to the adjacent metro station of the No. 1 metro line as well as the comprehensive suite of business and lifestyle amenities found in the area.

With an estimated timeline from acquisition to pre-sale of 12 months, this latest acquisition is reflective of our strategic initiatives to augment our competitive advantages by accelerating the asset turn as well as project sales of the Group and seeks to replicate the success of our Oasis New Island Gardens project in Nanjing which saw a reduced timeline of within 12 months from acquisition to pre-sales.

## OUTLOOK

Underscored by normalisation of the PRC real estate market dynamics following the relaxation of austerity measures, monetary easing by the PRC central bank such as the recent interest rate cuts, coupled with continued demand arising from rapid urbanisation and stable development of the PRC economy,







CAPITALISING ON OUR TRACK RECORD AND COMPARATIVE ADVANTAGES IN THE DEVELOPMENT OF QUALITY PROJECTS, SIZABLE LANDBANK IN PRIME LOCATIONS WITHIN HIGH-GROWTH CITIES IN PRC COUPLED WITH OUR HEALTHY FINANCIAL POSITION, WE ARE WELL POISED TO TAP ON THE LONG-TERM GROWTH PROSPECTS OF THE PRC REAL ESTATE SECTOR.

we remain confident about the long-term potential of the PRC real estate.

As urbanization continues to gain traction in China, migrants find themselves gravitating towards first and second tier cities seeking better opportunities as well as the comprehensive suite of amenities and infrastructure offered. This influx of population coupled with increased wealth generation will undoubtedly drive demand for high-end residential developments. As such, the continued ability to capture the demands of an ever discerning buyer remains a key competitive advantage for any property developer. With its illustrious history and established track record for product excellence, Yanlord continues to deliver products that exceed the demands of our customers and is well poised to

capitalise on this next wave of growth to generate greater return for shareholders.

#### IN APPRECIATION

On behalf of the Board of Directors, would like to express our sincere gratitude to our shareholders for their trust and support. In appreciation, the Board has proposed the payment of a first and final dividend of 1.30 Singapore cents (equivalent to 6.33 Renminbi cents) per ordinary share for FY 2014, amounting to a dividend payout ratio of approximately 9.1% of FY 2014 profit attributable to equity holders of the Company. Looking ahead, we will continue to build on our proven business strategies and endeavour to increase shareholder value through better operational and financial performance.

**Zhong Sheng Jian**  
Chairman and CEO



## 主席致辞



尊敬的各位股东：

2014年世界各国经济表现出现分化，美国经济复苏，欧洲、日本增长乏力，中国房地产行业在适应发展新常态过程中面临通货紧缩之忧，全球范围内货币政策走向与经济发展趋势存在诸多不确定因素，面对变局，仁恒将继续保持谨慎，稳健发展。本人愿在提报集团全年业绩之时，与各位分享本人的分析及思考。

### 成绩与评估

#### 销售保持稳定，奠定未来增长基础

2014年中国房地产波动颇大，上半年由于银行信贷环境收紧地产销售放缓，但从下半年起，中国大多数地方政府相继废除实行4年之久的限购政策，中国中央银行也推出了多项信贷宽松措施，当中包括了放宽各家银行的存款准备金比率要求，降低基准利率，以及降低首次购房抵押贷款的申请资格，信贷政策由紧转松。

2014年全年销售收入同比增长4.0%达人民币117.33亿元，总体保持稳定。集团全年实现税后利润增长1.3%达人民币21.19亿元。股东应占净利润为人民币13.59亿元。此外，集团以人民币26,733元每平方米的物业平均售价继续保持市场领先地位，仁恒仍是高端市场客群中最受信赖的品牌。2014年总交付面积为422,813平方米。

随着中国政府行政调控的逐渐淡出，以及消费者的不断成熟，未来地产市场的竞争将完全围绕“品质”与“品牌”展开，仁恒的品控能力与项目的优越布局将使我们在竞争中脱颖而出。有鉴于此，本人对集团未来发展充满信心。

#### 投资类物业

集团2014年在平稳经营下全年物业出租营业收入达到约人民币4.48亿元。成都仁恒置地广场与天津海河广场等商业持续运作，未来集团将继续保持拥有的优质地段的商业开发，为长期收租发展奠定稳健基础。



集团全年实现税后利润增长1.3%达人民币21.19亿元。股东应占净利润为人民币13.59亿元。此外，集团以人民币26,733元每平方米的物业平均售价继续保持市场领先地位，仁恒仍是高端市场客群中最受信赖的品牌。



集团所持有的南京仁恒辉盛阁、成都仁恒辉盛阁在2014年延续之前的优异表现，在定价、出租率及市场口碑等方面继续保持所在城市的领先地位。

集团在过去一年里积极的发展及优化我们的社区商业中心模式。这些社区商业中心不但为仁恒业主提供高品质和便捷的生活配套服务，同时也成为仁恒住宅项目一个吸引人的亮点。经过集团精心打造，这些社区商业中心已成为一个可复制模式，不但为业主带来方便同时也成为集团继续高端商业，酒店和写字楼以外的第三个投资类物业版块。

如今集团正在运作的投资物业类租赁面积已达到约34.1万平方米。按集团开发计划，未来数年，仁恒的自持物业将会继续增加，这对于丰富产品类型、提升竞争实力意义重大。

#### 土地购买

2014年4月15日，集团公告以人民币13.5亿元成功竞得苏州市高新区一幅优质住宅地块，总建筑面积171,200平方米。新地块位于苏州市高新区核心区域，交通线路众多，毗邻地铁和重

点学校、西看山、东看水自然环境优势明显。该项目与2013年10月获取的南京绿洲新岛花园相同，计划实现拿地一年内开工并可进入销售，集团将继续保持良好财务状态，未来将持续发展。

#### 未来打算与展望

随着中国大陆的房地产市场步入平稳增长的新常态，未来市场将回归正常化，竞争要点将以品质和品牌为中心。届时，能否把握目标客户居住需求，是否拥有品牌影响力，将是决定地产企业市场竞争力的关键。而在这两方面，仁恒的优势显而易见。如今仁恒已经拥有各类住宅产品的成功开发经验，团队的产品研发实力、品质管理能力等，也得到消费者及业内人士的赞赏，这将会是仁恒可持续发展的可靠保证。

集团仍对中国房地产市场的长远发展保持乐观。鉴于中国城镇化正快速进行，城市的集群化、优质人才的聚集化，是未来的发展趋势，因此一二线城市也由于生活配套较为完善，将吸引更多高端人士从各处到此置业。未来仁恒还是会注重于国内一二线城市，寻找发展机

会。我们在城市布局上以区域中心城市为主，这些项目所在地点将得益于城市日臻完善的功能规划和基础设施，本人坚信仁恒的城市布局与精品策略有利于企业稳健发展与股东投资利益。

在本年报与各位股东见面之时，中国的地产政策已基本矫正了其诸多限制性措施，仁恒有信心在正常的市场环境下取得优秀业绩。

#### 致谢

本人及仁恒管理团队感谢股东的关心和支持。为回馈股东，集团董事局建议派发每股新币1.30分(等值人民币6.33分)的首次及末期股息，派息率为2014年公司股东应占利润的约9.1%。未来我们将更加勤勉地工作，用更好的业绩回报股东。

#### 钟声坚

集团董事局主席兼总裁



# E N H A N C



STRENGTHENING  
OUR PRESENCE  
IN CHINA



# E D



The Yanlord brand is synonymous with distinctive, quality properties located in affluent cities such as Shanghai and Nanjing. Moving forward, we will leverage on this established track record to enhance our brand and extend our presence within the major economic regions of the PRC that will provide additional growth impetus for the Group.



SHANGHAI  
**YANLORD EASTERN GARDENS**  
仁恒东邑雅苑

## PROJECT SHOWCASE

Located within the Tangzhen district of Pudong which has been earmarked for the development of Shanghai's fifth largest scale international residential district. With a planned GFA of approximately 180,000 sqm, the project will offer unparalleled waterfront views coupled with a 25,000 sqm central feature garden and recreational facilities. To better cater to the different lifestyle needs of our customers, the project will offer a comprehensive mix of unit types ranging from 90 to 240 sqm. The first phase of the project was launched in November 2014 with opening day pre-sales of approximately RMB600 million.





## S H A N G H A I

**YANLORD WESTERN GARDENS****仁恒西郊雅苑**

Located in Shanghai's traditional upscale residential area of Xujing, the site resides in an area with one of the highest concentration of international schools in Shanghai and is in close proximity to the Hongqiao Transportation Hub. With key infrastructures such as Hongqiao Airport in operation and the new metro lines to be progressively completed, the site will benefit from the excellent connectivity to become a leading international community in the area. With a site area of approximately 137,000 sqm, the 250,000 sqm GFA development will have a building density of 15% and approximately 40% greenery coverage. The inaugural batch of the project was launched in November 2014 with opening day pre-sales of approximately RMB599 million.







SHANGHAI  
**YANLORD SUNLAND GARDENS**  
仁恒森兰雅苑

## PROJECT SHOWCASE

Located within the tranquil environment of the Shanghai Senlan International Community District, Yanlord Sunland Gardens leverages on the Group's design concepts to seamlessly blend the natural beauty of lush greenery and flowing creeks with the convenience of a comprehensive suite of modern amenities. Benefiting from excellent connectivity via the city's transportation network, Yanlord Sunland Garden, which approximately 336,000 sqm GFA, will feature high quality, fully-fitted apartments and duplexes that target discerning buyers from the various multi-national corporations ("MNCs") and Fortune 500 companies operating out of the key commercial districts nearby such as the Waigaoqiao Free Trade Zone and Jinqiao Export Processing Zone.





S H A N G H A I

**YANLORD ON THE PARK**

仁恒世纪公寓

Ideally situated in close proximity to the Lujiazui Financial District within the key residential area of the Shanghai Century Park International Community District, Yanlord on the Park has an approximately GFA of 151,000 sqm and is bordered by the city's arterial thoroughfares such as Jin Kang Road, Pujian Road and the Yanggao South Road. Yanlord on the Park encapsulates the best of city centre living with a comprehensive suite of amenities such as the lush natural

surroundings of the million square metre Century Park, the Shanghai Oriental Arts Centre and the Shanghai Science and Technology Museum. The project will capitalise on the continued eastward expansion of the Lujiazui Financial District and offers our discerning residents with homes that will meet both the requirements of their busy business schedules as well as their recreational needs.





NANJING

**YANLORD YANGTZE RIVERBAY TOWN**

仁恒江湾城

## PROJECT SHOWCASE

Located along the Yangtze River in Hexi New Area, Nanjing, Yanlord Yangtze Riverbay Town occupies a land area of approximately 303,000 sqm, which will be developed into a total GFA of approximately 708,000 sqm. The project is divided into five phases of which the first, second and part of the third phases have been delivered.





Ideally situated within the Sino-Singapore Nanjing Eco Hi-tech Island – a flagship economic collaboration program developed under the auspices of the Singapore Jiangsu Cooperation Council – Oasis New Island Gardens rests along the island’s idyllic riverfront offering an unobstructed view of the Yangtze River and is in close proximity to the New One North Science Park. Well connected via planned key thoroughfares running through the island as well as the adjacent metro station of the No. 10 metro line. Oasis New Island Gardens has an approximate prime residential GFA of 274,000 sqm. The Group will further develop additional serviced apartments, offices and retail shops with an approximate GFA of 113,000 sqm on-site to cater to the needs of its residents. The first phase of the project was launched in November 2014 with opening day pre-sales of approximately RMB1.38 billion.

N A N J I N G

**OASIS NEW ISLAND GARDENS**  
**绿洲新岛花园**



C H E N G D U  
**YANLORD LANDMARK**  
仁恒置地广场

## PROJECT SHOWCASE



Yanlord Landmark is a key investment property project of Yanlord in Western China. Located at the heart of Chengdu's Central Business District along major arterial roads, the project neighbours top-grade office buildings, 5-star hotels and luxury department stores. It is ideally situated next to the Metro line No. 1 and other business resources in close vicinity. Yanlord landmark has a GFA of approximately 166,000 sqm above ground and incorporates office areas, serviced apartments and a high-end shopping mall offering retail, conference, residence, and other business and recreation facilities. It is positioned to be a top-end property that represents the highest technical and service standards and caters to the needs of MNCs which plan to locate their regional headquarters in Chengdu. Yanlord Landmark is designed by world renowned architectural consultants ensuring that

the project excels in all aspects ranging from engineering and landscaping to business operation. Commencing its operations in 2010, Yanlord Landmark continues to contribute to Chengdu's integration into the global business arena and has successfully attracted numerous international MNCs such as Mitsubishi, Novartis and Royal Dutch Shell. Managed by Fraser Hospitality from Singapore, the serviced apartment tower in Yanlord Landmark began its operations in December 2010 and offers premier levels of luxury and comfort that target the demands of high-end business travelers. Yanlord Landmark is also the epitome of the retail market of Chengdu, showcasing the latest fashion from the flagship stores of many international luxury brands including Louis Vuitton, Christian Dior, Prada, Ermenegildo Zegna, Miu Miu and Hugo Boss.





S U Z H O U  
**YANLORD LAKEVIEW BAY**  
仁恒双湖湾

## PROJECT SHOWCASE



Located within the Suzhou Industrial Park, Yanlord Lakeview Bay is located between the scenic Jinji Lake and Dushu Lake. With enchanting natural surroundings and picturesque water features, the approximately 379,000 sqm GFA Yanlord Lakeview Bay is the first residential project in Suzhou designed in accordance with the 3A standards of the national Housing and Urban & Rural Development Ministry and will be developed into a prime international community that comprises townhouses, fully-fitted apartments and commercial facilities to meet the needs of its residents.

T I A N J I N

**YANLORD RIVERSIDE GARDENS**

仁恒河滨花园

Located within the downtown Hebei District of Tianjin, Yanlord Riverside Gardens is situated at the confluence of the Xinkai and Ziya Rivers and features an unobstructed river view. With a planned GFA of approximately 326,000 sqm, Yanlord Riverside Gardens benefits from a comprehensive suite of recreational and educational amenities surrounding the development. Amalgamating modern living with the lush natural environment, Yanlord Riverside Gardens' environmentally conscious architectural designs had won the approval of the PRC Ministry for Housing and Urban-Rural Development and was awarded the Green Development (Grade III) for its design.





## PROJECT SHOWCASE



Z H U H A I

### **YANLORD MARINA CENTRE**

仁恒滨海中心

Yanlord Marina Centre, located along Qinglu Road (South) near the sea coast, is to be developed into a landmark of Zhuhai City. Lying adjacent to Gongbei Customs Checkpoint to Macau, the project will enjoy easy access to the entrance of the planned Hong Kong-Zhuhai-Macau Bridge as well as the transport interchange of the light rail connecting Zhuhai and Guangzhou. Yanlord Marina Centre, upon completion, will be a showcase development of Zhuhai City.

The total GFA of Yanlord Marina Centre will be approximately 217,000 sqm. Construction commenced in 2009. The project comprises a 5-star hotel, high-grade residences, offices and retail shops. The Group signed a management contract with the InterContinental Group to manage the hotel in 2010. The sea-view hotel, residential apartments, offices and the shopping arcades are slated to be key highlights of Zhuhai's future skyline.

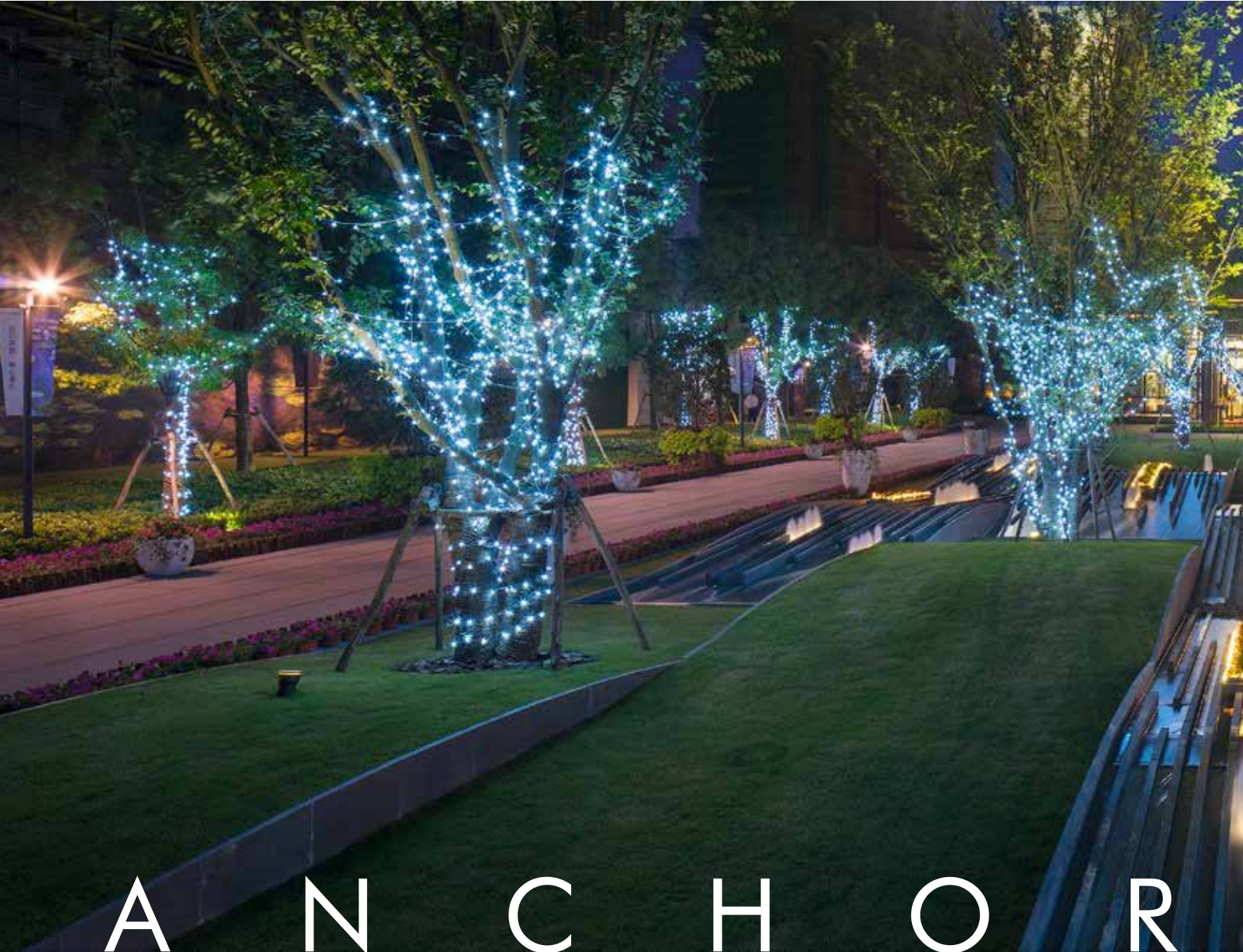


Yanlord Rosemite is the Group's maiden venture into the vibrant city of Shenzhen. Ideally situated along the crossing of the Baohe Road and Danhe Road in the Longgang District of Shenzhen, the project enjoys seamless connectivity to Shenzhen's bustling city centre via the city's major thoroughfares. Surrounded by a comprehensive suite of amenities coupled with lush natural surroundings such as the 50 square kilometre Maluan Hill Country Park and key recreational facilities including the Genzon golf club. The project benefits from the Shenzhen government's initiative to develop the Longgang district into a secondary city centre and prime residential district.

SHENZHEN  
**YANLORD ROSEMITE**  
仁恒峦山美地花园



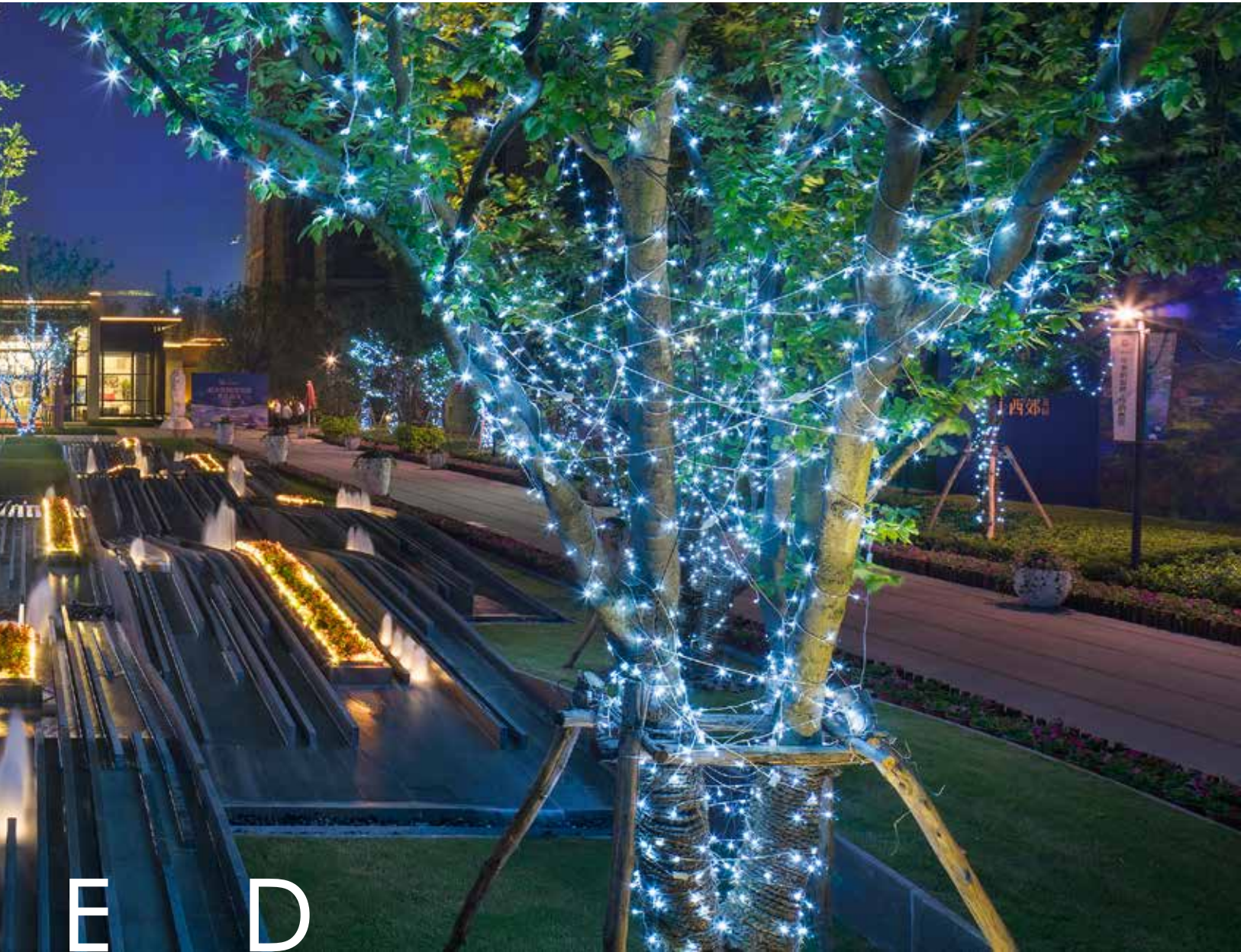




# A N C H O R

BUILDING ON  
STRENGTH  
AND  
STABILITY





E D

Our success today is built on the values of trust, teamwork and tenacity. As we continue our path towards sustainable growth, we will stay true to our values and pave the way forward by refining our capabilities and working closely with our stakeholders to propel our rise to new heights in the years ahead.





## OPERATIONS REVIEW

### OPERATIONS HIGHLIGHTS

FY 2014 was a volatile year for the PRC real estate sector as market sentiments and demand declined in the first half of the year owing to a tighter credit environment, but recovered significantly in the fourth quarter on the back of credit loosening by the central bank coupled with relaxation of austerity measures by the central government. The Group's revenue in FY 2014 rose 4.0% to RMB11.733 billion from RMB11.280 billion in FY 2013. The increase was largely attributable to a higher ASP of RMB26,733 per square metre ("sqm") achieved in FY 2014 which was offset against the lower GFA of 422,813 sqm delivered in FY 2014. Pre-sales of the Group declined to approximately RMB13 billion in FY 2014 compared to approximately RMB15 billion in FY 2013.

Despite the weaker performance of the sector, Yanlord's quality developments built with our emphasis on functionality and comfort continue to attract discerning customers seeking to fulfil their home ownership wishes. In November 2014, the Group successfully launched the inaugural batches of apartments at Oasis New Island Gardens (Phase 1) (绿洲新岛花园一期) in Nanjing and Yanlord Eastern Gardens (仁恒东邑雅苑) and Yanlord Western Gardens (仁恒西郊雅苑) in Shanghai. Opening to strong response from the market, Yanlord sold approximately 92.2% of the apartment units launched on the opening day of Oasis New Island Gardens (Phase 1) in Nanjing, deriving approximately RMB1.38 billion of pre-sales. Yanlord Eastern Gardens and Yanlord Western Gardens in Shanghai similarly saw strong support from home buyers garnering approximately RMB600 million and RMB599 million in pre-sales during the day of launch.



## INVESTMENT PROPERTY PORTFOLIO

Revenue contribution from property investment in FY 2014 was steady at RMB448 million. During the year, the Group actively sought to streamline leasing processes and strengthen cost controls as well as resource sharing initiatives to better enhance the management and development of the Group's community business centres as a key addition to our investment property portfolio. Capitalising on the success of our earlier community business centres which provide convenience retailing to residents at our residential developments, we have developed a staple tenant mix through which we believe will not only meet the needs of our residents but also serve to augment rental income contribution. We completed the pre-leasing of two additional community business centres in FY 2014 which will commence operations in FY 2015. These new business centres will not only add to

our comprehensive suite of amenities but will also form a fundamental model through which we can replicate across our residential developments.

In addition to our commercial segment, our hospitality segment similarly continued to win accolades in FY 2014. Our premier serviced apartments managed by Frasers Suites in Chengdu was ranked the "China's Leading Serviced Apartments" by the World Travel Awards for its service excellence for the second year in a row and was also named "Hotel of Choice" in Chengdu by TripAdvisor.

Conceptualised to be a recurring revenue source, our investment property portfolio has expanded over the years into a key business segment for the Group. Looking ahead, we will seek to further develop the performance of our investment properties through initiatives such as those targeted at enhancing the consumer experience as well as to

opportunistically grow our investment portfolio.

## PROJECT DEVELOPMENT

Total GFA under construction rose 6.1% to 2.55 million sqm as at 31 December 2014 as compared to the preceding year.

In FY 2014, the Group initiated construction works across six projects namely, Oasis New Island Gardens (Phase 1) in Nanjing, Yanlord Lakeview Bay - Land Parcels A3 and A4 in Suzhou, Yanlord Marina Peninsula Gardens (Phase 1 and 2) in Zhuhai and Hai Tang Bay - Land Parcel 9 in Sanya. Of particular note is the project Oasis New Island Gardens (Phase 1) in Nanjing is a key reflection of the Group's strategic focus towards enhancing asset turnover. Construction of this project was started within six months of acquisition and pre-sales was launched within 12 months of acquisition.





AVERAGE SELLING PRICE  
ACHIEVED IN FY 2014

**RMB**  
**26,733**  
**PER SQM**

GFA OF RESIDENTIAL PROJECTS  
DELIVERED IN FY 2014

**422,813**  
**SQM**



## OPERATIONS REVIEW

A total of 10 new projects and new batches of existing projects were launched in FY 2014, adding significantly to residential resources available for sale. Located in prime areas of their respective cities, the launches of these projects namely, Yanlord Sunland Gardens (Phase 2), Yanlord Eastern Gardens and Yanlord Western Gardens in Shanghai, Oasis New Island Gardens (Phase 1) in Nanjing, Yanlord Lakeview Bay – Land Parcel A4 in Suzhou, Yanlord Marina Peninsula Gardens (Phase 1) in Zhuhai, Yanlord Riverbay (Phase 2) in Chengdu, Tianjin Jinnan Land (Phase 1 and 2) in Tianjin and Tangshan Nanhu Eco-City - Land Parcel A19 were key drivers for the Group's pre-sales in FY 2014.

Adhering to our corporate philosophy "to develop the land with devotion and building quality accommodations with passion", we continue to strive for excellence in our developments which have won the recognition of both our clients and industry peers.

In-line with our commitments to both customers and stakeholders, the Group has undertaken key initiatives to further enhance quality control which includes increased reviews to on-site progress and safety as well as targeted research on "minimal-defect" delivery to our customers through enhancements to processes such as water-proofing and design and construction of common and sales areas.

Testament to our efforts, Yanlord New City Gardens in Zhuhai was awarded the National Award for Engineering Excellence" and Yanlord Riverbay (Phase 1) in Chengdu was awarded the prestigious "National Award for Excellence in Project Landscaping". Complementing the national level awards, our Yanlord Riverside Plaza (Phase 2) in Tianjin and Yanlord Riverbay (Phase 1) project in Chengdu were also awarded the highly coveted "HaiHe Cup" and "Lotus Cup" for engineering excellence from the respective provincial



city governments. Similarly, our Yanlord Riverbay (Phase 2) in Chengdu and Yanlord Rosemite in Shenzhen were also awarded with engineering excellence awards following examinations by the respective city authorities.

#### LANDBANK

Land markets in the PRC continue to be volatile in FY 2014. Capitalising on Yanlord's position as a leading real estate developer in the PRC, we actively monitor the market for opportunities to replenish and potentially expand our landbank holdings. In particular, opportunities in first and second tier cities offering comprehensive suites of business and lifestyle amenities will benefit the most from rapid urbanisation and are the most attractive opportunities for the Group as they present the closest match with our business model.

On 15 April 2014, Yanlord announced its acquisition of a 171,200 sqm GFA prime residential development site in Suzhou Gao Xin District for approximately RMB1.35 billion in a public land auction successfully. Nestled within the picturesque Suzhou City, the site is surrounded by lush natural features such as the idyllic Suzhou Grand Canal to the east and the Hengshan Park to the west. Well connected via key thoroughfares running through the city, the site resides within Suzhou's focal school district and further benefits from its close proximity to the adjacent metro station of the No. 1 metro line as well as the comprehensive suite of business and lifestyle amenities found in the area. The development has a site area of approximately 77,820 sqm and a plot ratio of up to 2.2 times.

The Group maintains a healthy landbank in core locations within high growth cities that will meet our developmental needs for the next five years. As at 31 December 2014, the Group has 4.32

million sqm of land reserves which are sufficient for coming five years development and located in the cities of Shanghai, Nanjing, Suzhou, Zhuhai, Shenzhen, Chengdu, Tianjin, Tangshan and Sanya.

Sentiments towards the PRC real estate markets remain sanguine for FY 2015. Strong population influx into first and second tier cities owing to the rapid urbanisation of China provides a unique opportunity that Yanlord, with its established brand presence and high-quality, city centric landbank, can leverage on to further grow its business. To better capitalise on the market opportunities, we have put into motion key initiatives to accelerate the asset turn and sales of projects, to seek out land acquisition opportunities either through land tender, project collaborations or acquisitions and to further expand existing funding channels to serve as the necessary foundation for the Group's sustainable development.





## OPERATIONS REVIEW

### PROPERTY MANAGEMENT

“Innovation and Development” were the strategic themes for our property management business segment in FY 2014. As a forerunner in the introduction of international property management concepts to the PRC, Yanlord has always held a competitive edge in the field. Building on our extensive experience, Yanlord actively sought to enhance our service offerings by streamlining existing processes and encouraging the sharing of best practices between business units across the country to further cement our competitive advantage within the industry.

An integral part of the “Yanlord” experience, our property management services continues to garner strong support and recognition from both customers and our industry peers. Reflecting the achievements of our property management business, various local business units were respectively

recognised by the respective national and local authorities. Accolades received in FY 2014 are as follows:

- 2014 China’s Best Brand for Property Management
- 2014 China Property Management Association Executive Director & Member Unit
- National user satisfaction award – Engineering excellence
- Shanghai Property Management Association – 20 years of service excellence
- Jiangsu Province Property Management Association – Top 50 Enterprise
- Yanlord Landmark in Chengdu was awarded the “National Model Development for Property Management”
- Tianjin City, “Best Brands for Property Management”

Looking ahead, our property management business will continue to be a key business segment for the



Group. Driven by the commitment to provide a comfortable and endearing living environment for our customers, the Group will seek to continually optimise our property management model through the adoption of the latest technology and quality assurance standards.

### HUMAN RESOURCE

We regard our human resource as one of our most valuable intangible assets and a key contributor to the Group's continued success. In-line with our mission statement of "Managing with benevolence and integrity, achieving perpetuity through perseverance", we believe in treating our employees with trust and understanding and respecting them as a partners of the organisation. We aim to create a positive working environment and platform for employees to demonstrate their own individual capabilities, offering opportunities for them to develop

their potential and to progress further in their career development, thereby creating a win-win situation for both the Group and our employees. To better support the continued expansion of the Group, we have actively sought to enhance competencies and synergies within our existing talent pool as well as strategically introduced external talents to further complement our knowledge base in FY 2014. Looking ahead, we will continue to review and refine processes to enhance performance assessments and to encourage closer collaboration within the Group to cement a stronger foundation on which we can propel the Group to its next level of development.

### PRODUCT DEVELOPMENT

As a leading real-estate developer specialising in the high quality real estate development and property management services, Yanlord attaches great importance towards developing quality residential and commercial real estates and seeks to strike an optimal balance across all aspects of property development, including project planning, architectural design, interior design and landscape design, to ensure that every aspect is amalgamated to maximise the benefit and comfort level for the customers.

Recognising the need for balance between the requirements of our consumers and environmental preservation, the Group continues to introduce environmental initiatives and seeks to optimise the usage of land at our developments. One of our latest developments, Oasis New Island Gardens in Nanjing attests to our commitment towards developing in an environmentally sustainable manner through the incorporation of the existing natural surroundings into the project design as well as the use of environment-friendly materials

whenever it is possible to reduce carbon footprint. This innovative idea has been well recognised by customers as reflected in the market response during the initial launch of pre-sale.

In addition to our focus towards developing environmentally conscious developments, we are seeking to streamline existing processes to further enhance the Group's asset turnover without compromising quality. Our latest acquisition in Suzhou, the Tang Yue Bay Gardens, was acquired in FY 2014 and is our latest project that would demonstrate Yanlord's competence to initiate launching of first phase pre-sale within 12 months of acquisition.

### FUND RAISING

Despite a tighter credit environment and uncertainties in the PRC property market due to austerity measures promulgated by the Chinese government, Yanlord continued to receive strong support from both onshore and offshore banks in FY 2014. To better fuel the Group's sustainable development, we successfully tapped the Singapore dollar bond market in May 2014 with the maiden issue of a S\$400 million senior notes due 2017. In addition to the issuance of new debt, the Group also tapped the syndicated loan market in June 2014 with a US\$385 million syndicated facility. Through these fund raising activities coupled with the early redemption of its US\$300 million senior notes due 2017, the Group has effectively reduced its effective interest rate and further augmented its financial flexibility. These latest fund raisings reflect the continued investor confidence in Yanlord and present new funding channels which the Group can access in the future.





## OPERATIONS REVIEW

### INVESTOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Corporate transparency and timely disclosure of information to shareholders are of key importance to Yanlord. We endeavor to maintain the highest standards of corporate governance and proactively seek to engage the investment community to facilitate the understanding of our Group's business strategies and growth potentials. Quarterly financial reports as well as announcements and press releases pertaining to any relevant operational updates on the Group are also promptly released on the SGX website, ensuring that investors receive timely and accurate information.

To further enhance communication with the investment community, the Group participated in 30 global investor conferences across Singapore, Hong Kong, Taiwan, Europe and the United States in FY 2014, sharing insights and investment merits in Yanlord with over 1,000 investors and fund managers.

Moving forward, the Group will continue to maintain regular interactions with the investment community and endeavor to deliver high standards in investor relations.

In addition to achieving high standards of investor relations, good corporate citizenry is another key focus of the Group. Building on our commitment to delivering quality homes to our discerning customers, we continue to focus on environmental conservation through developing eco-friendly developments as described above under the "Product Development" section. Our corporate social responsibilities

("CSR") also extend to student and youth engagement programs such as grants and donations to educational institutes as well as enrichment programs for students. For example, to enhance understanding of the Chinese business environment amongst Singapore students, the Group has in FY 2014 welcomed over 200 students and staff from Ngee Ann Polytechnic and Serangoon Junior College to our residential and commercial developments in Shanghai and Chengdu.



## 业务回顾

### 业绩概要

2014年，中国房地产市场经历了一场前低后高，先紧后放的走势，行业总体表现水平低于2013年，库存量增大。纵然如此，仁恒置地集团物业销售继续保持其相对稳定，2014年全年营业收入取得4.0%的增长达至人民币117.33亿元。集团2014年营业收入的增长主要是原于期内物业销售平均售价从2013年的每平方米人民币24,599元增加至2014年的每平方米人民币26,733元，另外，2014年总交付面积为422,813平方米。全年住宅及车位预售金额从2013年的约人民币150亿元降低至2014年的约人民币130亿元。虽然中国房地产业在2014年里表现不佳，但仁

恒专业创新的产品设计和人性温馨的小区物业管理水平仍获得了市场和消费者的双重口碑，仁恒成熟稳重的经营管理能力赢得市场持续认可。凭借集团专业及优秀团队的成熟运作和精准的市场定位，2014年仁恒物业销售佳绩不断。南京绿洲新岛花园一期11月开盘当天热销约人民币13.80亿元，去化率达约92.2%，另同月开盘的上海仁恒东邑雅苑和仁恒西郊雅苑也分别创下约人民币6.00亿元和人民币5.99亿元的销售佳绩。

### 投资物业

2014年集团自持投资性房地产业务表现稳定，物业出租营业收入达到人民币4.48亿元。

商业方面，通过加强集团管控，资源共享，专业发挥，仁恒社区商业中心的运营得到多方面优化，商业氛围更加成熟，商铺租金持续升温。2014年集团基本完成2个新项目的招商工作，预计

在2015年开业。社区商业为仁恒业主精心打造高品质和便捷的生活配套服务，已经建立良好的口碑，具有一定的品牌影响力，成为仁恒住宅项目一个吸引人的亮点。仁恒社区商业中心的数量和经营面积将不断扩展，品牌商户将进一步优化，服务品质将持续提升，将成为仁恒置地的重要竞争优势之一。

酒店方面，一直以来，成都仁恒辉盛阁国际公寓都以优质的服务、良好的客户口碑在成都区域位列第一，并在2014年度屡获殊荣，再次获得由业内奥斯卡之称的World Travel Awards世界旅游大奖颁发的“中国最佳服务式公寓”。

仁恒团队将进一步提升消费体验，继续增加自持投资性房地产业务。形成商业与地产板块间的相互促进，一方面提升竞争力，另一方面更提升企业价值。

### 项目开发

2014年集团开发规模得到持续提升，在建面积255万平方米，同比2013年增幅6.1%。

2014年有6个项目顺利开工，总面积56万平方米，包括南京绿洲新岛花园一期、苏州仁恒双湖湾A3及A4地块、珠海仁恒滨海半岛花园一期及二期和三亚海棠湾9号地块。值得一提的是，南京绿洲新岛花园一期实现拿地后半年内开工、并于12个月内开盘销售，项目启动、开发速度进一步提升。

销售方面，包括上海仁恒森兰雅苑二期、上海仁恒东邑雅苑、上海仁恒西郊雅苑、南京绿洲新岛花园一期、苏州仁恒双湖湾A4地块、珠海仁恒滨海半岛花园一期、成都仁恒滨河湾二期，天津景新花园一期及二期、唐山南湖生态城A19地块共10个项目在2014年推售。其中，南京绿洲新岛花园一期、上海仁恒东邑雅苑等项目打造了响应市场、快速快销的新模板。



## 业务回顾

集团2014年在工程质量创优方面斩获颇丰，荣获国家级质量奖2项—珠海仁恒星园获“国家优质工程奖”、成都仁恒滨河湾一期获“优秀园林绿化工程奖”；荣获省市级质量奖2项—天津仁恒海河广场二期获“海河杯”、成都仁恒滨河湾一期获“芙蓉杯”；主体结构获评优质工程2项—成都仁恒滨河湾二期和深圳仁恒峦山美地花园。同时，集团通过引入实测实量第三方评估、防渗漏管控节点专项检查、定期工程巡检等措施和机制，继续加强品质管理，严防质量漏洞，确保产品满足质量目标、提高客户满意度。

### 土地储备

2014年，集团密切跟踪中国土地政策和市场变化，主要围绕现有房地产业务所在地经济高速增长的城市及周边进行优质土地信息的筛选，并结合中国政府推进城镇化的机遇，主要选择辐射力强、文教、医疗、交通、生活配套条件完善、人口导入潜力较大的城市，按需补充土地储备。

2014年4月15日，集团公告以人民币13.5亿元成功竞得苏州市高新区一幅优质住宅地块，总建筑面积171,200平方米。新地块位于苏州市高新区核心区域，交通线路众多，毗邻地铁和重点学校、西看山、东看水自然环境优势明显。该地块占地面积77,820平方米，容积率不高於2.2。

截止2014年末，集团现有土地储备432万平方米，能够满足集团未来5年的开发和增长需求。这些土地储备分布在上海、南京、苏州、珠海、深圳、成都、天津、唐山及三亚九个经济高速增长城市的核心地段。

2015年，考虑到中国房地产市场预期总体继续维持平稳的态势，集团将加快现有项目的开发速度和销售去化率，加快资金回笼，积极拓宽融资渠道，充分利用仁恒在现有城市建立的品牌知名度和资源条件，借力中国加快推进城镇化的良好契机，按照加快周转的要求，致力通过招拍挂、股权合作等多种形式积极扩充土地储备，为后续做大规模奠定坚实基础。

### 物业管理

2014年，仁恒物业围绕强化危机意识，倡导“创新”、“发展”两个主题，在切实做好物业基础服务和管理的同 时，不断开拓思路，创新工作模式，着力提升市场竞争力。按照集团对物业服务持续发展的战略要求，仁恒物业稳步推进各项工作，较好地完成了年初预定的各项目标。

仁恒物业认清形势，瞄准市场，始终走仁恒特色的高端服务路线，不断注重企业内部管理和企业外部形象维系，得到了行业和社会的认可。在2014年里，仁恒物业各地公司获得以下殊荣：2014中国物业管理住宅管理最佳品牌企业、中国物业管理协会常务理事单位、中国物业管理协会会员单位、全国实施用户满意工程先进单位（企业类）、上海市物业管理行业协会成立20周年杰出企业奖、江苏省物业服务“综合实力五十强企业”、成都的仁



恒置地广场项目获全国物业管理示范大厦、天津市优质品牌物业企业等。

仁恒物业始终将每位客户都当成自己宝贵的财富和亲密的朋友，重视与客户关系的维系和发展，并秉承“恒心服务，一生呵护”的物业服务理念，通过注入人性化、个性化、精细化的服务，开拓、进取和创新，拓展服务范围及提升服务品质。同时不断优化集团现有的优势资源，完善“仁恒”物业自身的管理模式，把高端物业各项工作做强做实，达到长期良性运作的目标要求。

### 人力资源

公司坚持并倡导“仁信治业、持之以恒”的企业精神，善待土地，善待员工，通过良好的职业发展平台和优秀的企业文化吸引和保留人才。仁恒一贯将人才战略列为集团发展战略的重要组成部分，集团设有人才培养发展领导小组和人才培训中心，组织实施“优才计划”，系统性推动公司人才战略。仁恒视员工为企业的合作伙伴，信任、理解



并善待员工；视人才为企业发展的核心，注重团队培养，通过一系列措施有效实现对团队的选、用、育、留，多年来一直保持员工队伍的相对稳定和不断成长。2014年，集团一方面加大内部潜力人才的培养力度，并辅以外部人才的引进，以确保足够核心人才以配合企业的发展所需。同时，通过绩效体系的推进来进行团队业绩评估激励，结合绩效与发展潜力双维度进行人才盘点，优胜劣汰，根据企业经营及长久发展优化人才结构，从而进一步提升企业效率。

### 产品研发

仁恒一贯打造精装修、高科技、生态型的高尚国际住宅社区；提倡居住舒适，管理安全，节能环保的生活环境。

在仁恒的设计产品中，从规划设计、交通系统、景观系统、生态措施及公共设施的设计等方面进行潜心研究。总体规划突破传统设计理念，将生态

社区的理念贯穿始终。创造舒适、人性化的尺度，注重对空间尺度的推敲及研究，在满足户型平面功能的基础建筑设计上，考虑结构及设备布置的合理性、经济性，对于设备的安装及维修空间等细节反复推敲。通过转角窗、阳台等建筑元素的巧妙运用，使室内外空间相互引导穿插，完美体现出现代的生活居住空间。本着节约成本，加速开发周期的原则，并保证仁恒的高端品质得以延续，对不同定位的项目采用复制及特别定制两种操作模式。建立项目产品库，将仁恒所打造的数个高端楼盘的设计经验加以沉淀、传承。对于特殊项目进行特别研发定制，通过与国际著名设计大师的合作，通过“以人为本，简约相容、创意为用”的设计理念，引领了高端舒适生活的内涵和品质。

持续关注节能环保及绿色生态科技在设计中的运用。充分考虑节地原则，合理规划建筑、道路、绿化等用地，以提高土地使用效率和住宅建筑得房率，本着

节约资源，优化环境的原则，设计中充分考虑绿色能源的利用和生态、节能、环保技术的有效应用真正实现可持续发展的绿色居住环境。

仁恒在高品质住宅领域中精益求精，深入研究市场消费需求，打造了南京生态科技住宅项目——绿洲新岛花园。项目突出以生态、低碳、智慧产业为主导，人文社区为指引，自然生态为规划理念，目的是创造可持续发展的生态环境，该项目先进的设计理念在销售市场中得到客户热烈的追捧。

在中国现阶段宏观经济环境下，仁恒对开发效率提出了新的要求，苏州棠悦湾花园根据市场行情与需求精确定位，在保证仁恒一贯品质的基础上实现项目基因传承、努力实现项目从拿地到开盘12个月的周期，承先启后了仁恒在保持品质基础上快速开发的能力。给客户最好的体验，精细的做工、高水准的产品标准继续领跑行业高端住宅。





## 业务回顾

### 企业融资

2014年虽然面临宏观经济下滑的不利影响，但仁恒凭借稳健的经营、优秀的品质和周到的服务，依然得到了国内各中外资银行的青睐，成为多家银行总行级VIP客户。在内地房地产信贷额度依旧紧缺的情况下，仁恒仍以合理的资金价格获取了充足的项目开发贷款授信额度并按项目进度成功放款，确保了各地项目的正常推进。

境外融资方面，为促进集团业务持续扩张并满足集团的资本需求，集团于2014年5月发行了新币4亿元的三年期优先票据及在6月通过银团方式融资3.85亿美元，通过这些融资及提前赎

回在2017年到期的3亿美元优先票据，集团有效地减低利率及保持充分的灵活性，同时开拓了新的境外融资平台，拓宽了投资者的群体，使仁恒与国际资本市场的联系更加紧密。

### 投资关系及企业社会责任

集团十分重视企业的透明度及企业管治水平，并通过与投资市场的主动沟通，使各方更了解仁恒的业务发展策略及增长潜力。

集团注重向投资者提供及时、准确的讯息披露，并建立了一系列有系统的沟通管道，向股东、投资者及分析员提供定期及可靠的讯息。季度业绩报告及各项公告和新闻稿均通过新加坡证券交易所的官方网站公告及仁恒置地集团网站及时发布。

2014年，仁恒参与了30项分别在新加坡、香港、台湾、欧洲及美国举办的

国际投资者论坛会，与近千名的投资者及基金经理会面并介绍仁恒的运作及投资优点。

除了建立良好的投资者沟通渠道，仁恒也进行了不少社会责任计划，比如我们已开发和正在开发的一些建筑项目，就含有大量的绿色建筑计划，从设计、建设到管理的每个环节，我们都有较为详细的绿色促进规划。同时，公司每年也会从事社会捐赠等福利活动，向教育等事业提供支持。例如在2014年里我们配合了义安理工学院以及实龙岗初级学院的要求在上海的仁恒河滨城，仁恒森兰雅苑及成都的仁恒置地广场接待了共200名从新加坡到中国考察的学生与导师。

# DEVELOPMENT SCHEDULE SUMMARY

## COMPLETED DEVELOPMENT PROPERTIES

City	Project	Interest Attributable	Commencement Date	Completion Date	GFA (sqm)	Remaining Unsold / Held for Investment / Fixed Assets (Saleable Area, sqm)	Type
Chengdu	Hengye International Plaza <sup>(1)</sup> 恒业国际广场 <sup>(1)</sup>	51%	December-04	April-06	40,655	39,999	S
	Hengye Star Gardens 恒业星园	51%	May-06	April-08	83,943	144	R,S
	Yanlord Landmark <sup>(1)</sup> 仁恒置地广场 <sup>(1)</sup>	100%	August-06	December-10	165,755	157,437	O,S,H
	Yanlord Riverbay (Phase 1) 仁恒滨河湾, 一期	70%	November-11	June-14	125,280	52,225	R
Guiyang	Xintian Centre 新天商业中心	67%	November-03	October-04	14,376	-	S
	Yanlord Villas 仁恒别墅	67%	June-04	March-06	36,131	-	R
Nanjing	Bamboo Gardens 翠竹园	100%	November-00	December-08	394,310	150	R
	Orchid Mansions <sup>(1)</sup> 玉兰山庄 <sup>(1)</sup>	100%	November-00	September-03	69,649	340	R
	Plum Mansions, including Lakeside Mansions 梅花山庄·湖畔之星	100%	May-94	December-02	327,667	539	R
	Yanlord G53 Apartments <sup>(1)</sup> 仁恒G53公寓 <sup>(1)</sup>	60%	July-09	December-11	97,728	9,604	R,S
	Yanlord International Apartments, Tower A <sup>(1)</sup> 仁恒国际公寓, A栋 <sup>(1)</sup>	100%	May-04	December-07	43,567	37,940	H
	Yanlord International Apartments, Tower B 仁恒国际公寓, B栋	100%	May-04	June-08	67,683	-	R
	Yanlord Yangtze Riverbay Town (Phase 1) <sup>(1)</sup> 仁恒江湾城, 一期 <sup>(1)</sup>	60%	January-08	January-11	124,601	2,024	R,S
	Yanlord Yangtze Riverbay Town (Phase 2) <sup>(1)</sup> 仁恒江湾城, 二期 <sup>(1)</sup>	60%	September-09	March-13	189,897	3,114	R,S
	Yanlord Yangtze Riverbay Town (Phase 3) 仁恒江湾城, 三期	60%	December-12	December-14	132,113	7,700	R
Shanghai	Bayside Gardens 御澜湾苑	51%	May-10	July-13	116,408	821	R,S
	Yanlord Apartments 仁恒公寓	67%	November-94	November-97	13,579	-	R
	Yanlord Gardens 仁恒滨江园	67%	November-97	September-03	415,360	-	R
	Yanlord Plaza 仁恒广场	67%	March-93	November-96	53,049	1,499	R,S



# DEVELOPMENT SCHEDULE SUMMARY

## COMPLETED DEVELOPMENT PROPERTIES (Cont'd)

City	Project	Interest Attributable	Commencement Date	Completion Date	GFA (sqm)	Remaining Unsold / Held for Investment / Fixed Assets (Saleable Area, sqm)	Type
Shanghai	Yanlord Riverside City <sup>(1)</sup> 仁恒河滨城 <sup>(1)</sup>	67%	May-03	June-10	741,417	8,634	R,S
	Yanlord Riverside Gardens 仁恒河滨花园	57%	May-02	March-07	319,756	-	R
	Yanlord Sunland Gardens (Phase 1) 仁恒森兰雅苑, 一期	60%	June-10	November-13	171,736	28,501	R
	Yanlord Sunland Gardens (Phase 2) 仁恒森兰雅苑, 二期	60%	August-12	December-14	88,869	30,222	R,S,H
	Yanlord Town 仁恒家园	50%	September-05	December-07	75,573	-	R
	Yanlord Townhouse 仁恒怡庭	100%	September-09	December-11	65,572	7,388	R
	Yunjie Riverside Gardens 运杰河滨花园	51%	March-05	July-11	253,048	6,921	R,S
Suzhou	Suzhou Wuzhong Area C1 Land - Villas 苏州吴中区C1地块 - 别墅	100%	October-08	December-12	22,614	15,498	R
	Yanlord Lakeview Bay - Land Parcel A2 仁恒双湖湾, A2 地块	60%	October-10	June-14	88,263	41,046	R
	Yanlord Lakeview Bay - Land Parcel A5 仁恒双湖湾, A5 地块	60%	May-11	December-14	61,702	17,189	R
	Yanlord Lakeview Bay - Land Parcel A6 <sup>(1)</sup> 仁恒双湖湾, A6 地块 <sup>(1)</sup>	60%	May-10	June-14	78,456	10,801	R,S
	Yanlord Lakeview Bay - Land Parcel A7 <sup>(1)</sup> 仁恒双湖湾, A7 地块 <sup>(1)</sup>	60%	October-09	February-13	64,602	11,230	R,S
	Yanlord Peninsula (Apartment) 星屿仁恒	100%	May-06	June-10	100,342	331	R
	Yanlord Peninsula (Townhouse) 星岛仁恒	100%	November-05	June-09	91,963	548	R
Tianjin	Yanlord Riverside Gardens (Phase 1) 仁恒河滨花园, 一期	80%	October-09	June-12	162,633	1,190	R
	Yanlord Riverside Plaza (Phase 1) <sup>(1)</sup> 仁恒海河广场, 一期 <sup>(1)</sup>	100%	October-07	July-13	215,475	72,460	R,S
	Yanlord Riverside Plaza (Phase 2) 仁恒海河广场, 二期	100%	January-11	July-13	87,675	-	R
Zhuhai	Yanlord New City Gardens <sup>(1)</sup> 仁恒星园 <sup>(1)</sup>	90%	September-06	April-12	413,012	7,661	R,S
Total					5,614,459	573,156	

R = Residential      O = Office      S = Shop & Retail      H = Hotel & Serviced Apartment

<sup>(1)</sup> Consists of properties held for investment with unexpired terms of lease between 29-60 years as at 31 December 2014

## PROPERTIES UNDER DEVELOPMENT

City	Project	Interest Attributable	Commencement Date	Estimated Completion Date	GFA (sqm)	Type
<b>Chengdu</b>	Yanlord Riverbay (Phase 2) 仁恒滨河湾, 二期	70%	December-13	4th Quarter 2016	138,174	R
<b>Nanjing</b>	Oasis New Island Gardens (Phase 1) <sup>(1)</sup> 绿洲新岛花园, 一期 <sup>(1)</sup>	100%	June-14	3rd Quarter 2016	102,164	R
	Yanlord Yangtze Riverbay Town (Phase 3) 仁恒江湾城, 三期	60%	December-12	June-15	67,856	R
	Yanlord Yangtze Riverbay Town (Phase 4) 仁恒江湾城, 四期	60%	December-13	4th Quarter 2016	183,043	R
<b>Sanya</b>	Sanya Hai Tang Bay - Land Parcel 9 <sup>(2)</sup> 三亚海棠湾 - 9 号地块 <sup>(2)</sup>	100%	December-14	4th Quarter 2016	75,484	R,H
<b>Shanghai</b>	Yanlord Eastern Gardens 仁恒东邑雅苑	100%	December-13	3rd Quarter 2017	180,448	R
	Yanlord on the Park 仁恒世纪公寓	50%	November-13	3rd Quarter 2016	151,073	R
	Yanlord Sunland Gardens (Phase 2) 仁恒森兰雅苑, 二期	60%	August-12	September-15	75,495	R,S
	Yanlord Western Gardens 仁恒西郊雅苑	60%	April-13	4th Quarter 2016	250,181	R
<b>Shenzhen</b>	Yanlord Rosemite 仁恒峦山美地花园	100%	September-12	December-15	150,168	R,S
<b>Suzhou</b>	Yanlord Lakeview Bay - Land Parcel A3 仁恒双湖湾, A3 地块	60%	March-14	2nd Quarter 2016	12,208	R
	Yanlord Lakeview Bay - Land Parcel A4 仁恒双湖湾, A4 地块	60%	March-14	December-15	56,356	R
<b>Tangshan</b>	Tangshan Nanhu Eco-City - Land Parcel A9 唐山南湖生态城, A9 地块	50%	November-11	2nd Quarter 2016	119,356	R,S
	Tangshan Nanhu Eco-City - Land Parcel A19 唐山南湖生态城, A19 地块	50%	July-12	May-15	38,572	R
<b>Tianjin</b>	Tianjin Jinnan Land (Phase 1) 景新花园, 一期	60%	December-13	December-15	94,171	R
	Tianjin Jinnan Land (Phase 2) 景新花园, 二期	60%	December-12	2nd Quarter 2016	75,564	R
	Yanlord Riverside Gardens (Phase 2) 仁恒滨河花园, 二期	80%	November-12	December-15	163,129	R
	Yanlord Riverside Plaza (Phase 1) <sup>(3)</sup> 仁恒海河广场, 一期 <sup>(3)</sup>	100%	October-07	May-15	8,950	S
	Yanlord Riverside Plaza (Phase 2) <sup>(3)</sup> 仁恒海河广场, 二期 <sup>(3)</sup>	100%	May-12	4th Quarter 2016	76,296	O,S



# DEVELOPMENT SCHEDULE SUMMARY

## PROPERTIES UNDER DEVELOPMENT (Cont'd)

City	Project	Interest Attributable	Commencement Date	Estimated Completion Date	GFA (sqm)	Type
Zhuhai	Yanlord Marina Centre - Section A <sup>(2) (3)</sup> 仁恒滨海中心 - A标段 <sup>(2) (3)</sup>	95%	July-11	4th Quarter 2016	86,446	O,S,H
	Yanlord Marina Centre - Section B <sup>(3)</sup> 仁恒滨海中心 - B标段 <sup>(3)</sup>	95%	November-09	December-15	130,232	R,S
	Yanlord Marina Peninsula Gardens (Phase 1) <sup>(4)</sup> 仁恒滨海半岛花园, 一期 <sup>(4)</sup>	57%	February-14	2nd Quarter 2016	154,061	R,S
	Yanlord Marina Peninsula Gardens (Phase 2) <sup>(5)</sup> 仁恒滨海半岛花园, 二期 <sup>(5)</sup>	57%	February-14	2nd Quarter 2018	162,603	R,S
	Total				2,552,030	

R = Residential      O = Office      S = Shop & Retail      H = Hotel & Serviced Apartment

<sup>(1)</sup> Formerly a portion of Nanjing Eco Hi-tech Island - Land Parcel G73 (南京生态科技岛 - G73地块)

<sup>(2)</sup> Consists of GFA of 100,039 sqm under construction-in-progress in property, plant and equipment

<sup>(3)</sup> Consists of properties held for investment with unexpired terms of lease between 31-60 years as at 31 December 2014

<sup>(4)</sup> Formerly known as Yanlord Marina Peninsula Gardens - Land Parcels S3 & SB (仁恒滨海半岛花园 - S3、SB 地块)

<sup>(5)</sup> Formerly known as Yanlord Marina Peninsula Gardens - Land Parcels S2, SC & SD (仁恒滨海半岛花园 - S2、SC、SD 地块)

## PROPERTIES HELD FOR FUTURE DEVELOPMENT

City	Project	Interest Attributable	Estimated Commencement Date	Estimated Completion Date	GFA (sqm)	Type
<b>Chengdu</b>	Yanlord Riverbay (Phase 3) 仁恒滨河湾, 三期	70%	April-15	2018	129,081	R
<b>Nanjing</b>	Nanjing Eco Hi-tech Island - Land Parcel G73 南京生态科技岛 - G73地块	100%	2017	2019	112,668	O,S,H
	Oasis New Island Gardens (Phase 2&3) <sup>(1)</sup> 绿洲新岛花园, 二及三期 <sup>(1)</sup>	100%	September-15	2017	171,776	R
	Yanlord Yangtze Riverbay Town - Land Parcel 5 仁恒江湾城 - 5号地块	60%	July-15	2016	10,000	S
<b>Shanghai</b>	Shanghai San Jia Gang Land Plot 仁恒滨海度假村	67%	2016	2017	35,831	R
<b>Shenzhen</b>	Shenzhen Longgang District Economic Residential Housing 深圳龙岗区 - 经济适用房	75%	Under Planning	Under Planning	144,064	R
	Shenzhen Longgang District Redevelopment Project 深圳龙岗区 - 城中村改造项目	75%	Under Planning	Under Planning	390,000	R
<b>Suzhou</b>	Tang Yue Bay Gardens 棠悦湾花园	100%	February-15	2017	172,069	R
	Yanlord Lakeview Bay - Land Parcel A1 仁恒双湖湾, A1 地块	60%	July-15	2016	17,117	R
<b>Tangshan</b>	Tangshan Nanhu Eco-City Land Parcels 唐山南湖生态城地块	50%	Under Planning	Under Planning	193,067	R,O
<b>Tianjin</b>	Tianjin Jinnan Land (Phase 3) 景新花园, 三期	60%	April-15	2017	199,243	R
<b>Zhuhai</b>	Yanlord Marina Peninsula Gardens (Phase 3) <sup>(2)</sup> 仁恒滨海半岛花园, 三期 <sup>(2)</sup>	57%	2016	2019	196,006	R
Total					1,770,922	

R = Residential      O = Office      S = Shop & Retail      H = Hotel & Serviced Apartment

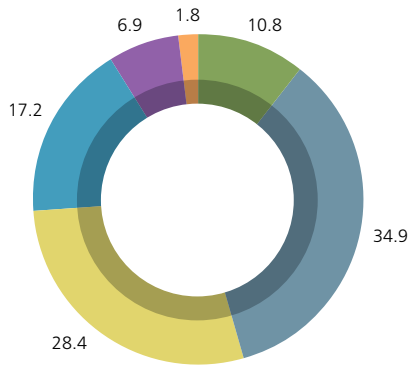
<sup>(1)</sup> Formerly a portion of Nanjing Eco Hi-tech Island - Land Parcel G73 (南京生态科技岛 - G73地块)

<sup>(2)</sup> Formerly known as Yanlord Marina Peninsula Gardens - Land Parcels S2, SC & SD (仁恒滨海半岛花园 - S2、SC、SD 地块)

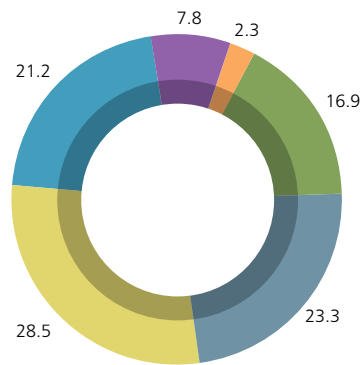


# OPERATIONAL HIGHLIGHTS

**PROPERTY SALES CONTRIBUTION BY CITY IN FY 2014 (%)**

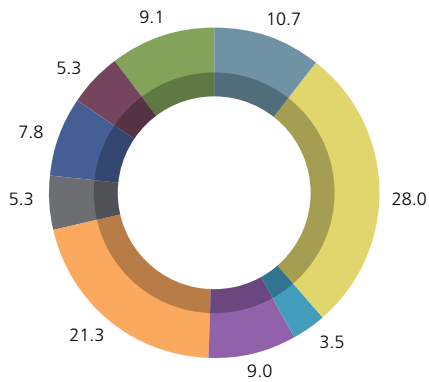


**GFA CONTRIBUTION BY CITY IN FY 2014 (%)**

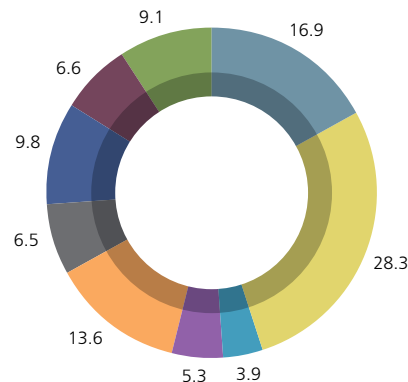


- Chengdu
- Shanghai
- Nanjing
- Suzhou
- Tianjin
- Zhuhai

**PROPERTY SALES CONTRIBUTION BY PROJECT IN FY 2014 (%)**



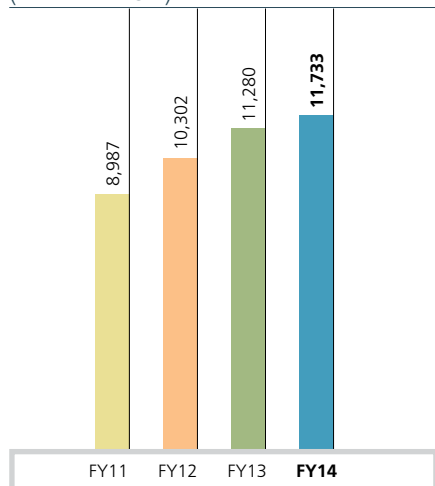
**GFA CONTRIBUTION BY PROJECT IN FY 2014 (%)**



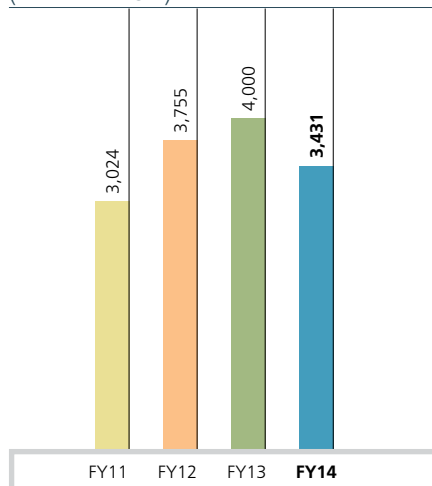
- Chengdu Yanlord Riverbay (Phase 1)
- Nanjing Yanlord Yangtze Riverbay Town (Phase 3)
- Shanghai Bayside Gardens
- Shanghai Yanlord Sunland Gardens (Phase 1)
- Shanghai Yanlord Sunland Gardens (Phase 2)
- Suzhou Yanlord Lakeview Bay - Land Parcel A2
- Suzhou Yanlord Lakeview Bay - Land Parcel A5
- Tianjin Yanlord Riverside Gardens (Phase 1)
- Others

# FINANCIAL HIGHLIGHTS

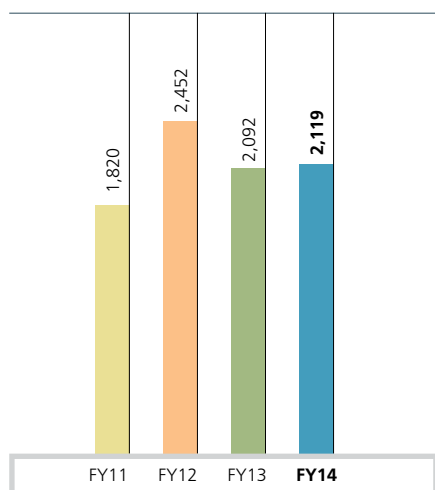
## REVENUE (RMB MILLION)



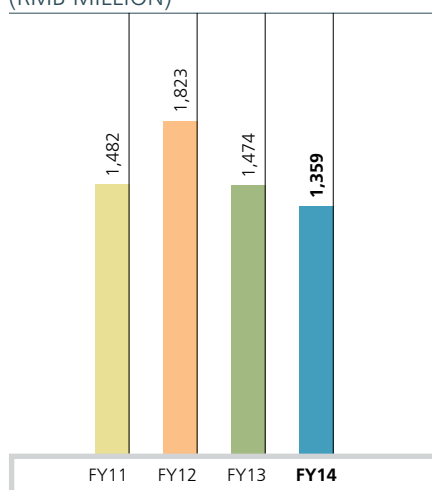
## GROSS PROFIT (RMB MILLION)



## PROFIT FOR THE YEAR (RMB MILLION)



## PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RMB MILLION)



## CREDIT RATIOS

As at 31 December	2011	2012	2013	2014
Net Debt / Equity <sup>(1)</sup>	52%	38%	38%	45%
Total Debt / Equity <sup>(1)</sup>	70%	51%	63%	68%
Total Debt / Capitalisation <sup>(2)</sup>	41%	34%	39%	40%

<sup>(1)</sup> Equity = Equity attributable to equity holders of the Company + Non-controlling interests

<sup>(2)</sup> Capitalisation = Total debt + Equity attributable to equity holders of the Company + Non-controlling interests



STRIVING FOR  
A SUSTAINABLE  
FUTURE

U N I T E D





At Yanlord, what empowers us to rise above the competition is the united strength of our people. In all that we do, we strive to build a cohesive work environment that nurtures professional and personal growth – to guide our staff towards becoming the best that they can be, so that they can in turn propel us towards a brighter future.





# BOARD OF DIRECTORS



**CHAN YIU LING**  
Executive Director



**NG SER MIANG**  
Independent Director



**ZHONG SHENG JIAN**  
Chairman and CEO



**NG JUI PING**  
Independent Director



RONALD SEAH LIM SIANG  
Lead Independent Director

NG SHIN EIN  
Independent Director

ZHONG SILIANG  
Executive Director

HONG ZHI HUA  
Executive Director



## BOARD OF DIRECTORS

### MR. ZHONG SHENG JIAN Chairman and CEO

Mr. Zhong Sheng Jian is the founder, Chairman and CEO of Yanlord Land Group Limited and was first appointed to our Board of Directors on February 13, 2006. His last re-election as our Director was on April 26, 2013. He is the uncle of Mr. Zhong Siliang, our Executive Director. He is responsible for the overall management and strategy development of Yanlord Land Group Limited. Since the 1980s, Mr. Zhong has founded and established a number of businesses in trading, manufacturing and real estate spanning China, Singapore and Hong Kong. He started our property development business in the early 1990s through the setting up of our offices in Shanghai and Nanjing, which are now part of the SGX Mainboard listed Yanlord Land Group Limited.

Due to his investments in and contribution to various parts of China, Mr. Zhong has been awarded Honorary Citizenships in Nanjing, Zhuhai, Shanwei and Suzhou in the PRC. In 2005, he was also awarded the White Magnolia Award in Shanghai for his contributions to the Municipal City of Shanghai.

Mr. Zhong is a member of several Singapore-China investment and trade committees, including Singapore-Sichuan Trade and Investment Committee, Singapore-Tianjin Economic & Trade Council, Singapore-Jiangsu Cooperation Council and Singapore-Guangdong Collaboration Council. He is also a member of the Tianjin People's Political Consultative Conference Standing Committee, Council Member of the Singapore Chinese Chamber of Commerce & Industry, Director of Business China, Vice-President of the Singapore Federation of Chinese Clan

Associations, Chairman of the Sun Yet Sen Nanyang Memorial Hall, Member of the Board of Trustees of the Chinese Development Assistance Council and Director of the Singapore Chinese Cultural Centre.

In May 2010, Mr. Zhong was named and awarded the Singapore Businessman of the Year 2009.

### MR. ZHONG SILIANG Executive Director

Mr. Zhong Siliang is our Executive Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. He is the nephew of Mr. Zhong Sheng Jian, our Chairman and CEO. Since October 2005, he has held the position of Assistant General Manager of our Investments Department and in this capacity, Mr. Zhong Siliang assists in the evaluation of new business developments and conducts feasibility studies on potential property transactions for investments.

Mr. Zhong Siliang is responsible for establishing relations with architectural firms, real estate consultants and the district and national government officials, for the execution of our investments in the PRC. He also works closely with our Chairman and CEO, Mr. Zhong Sheng Jian, and assists in other group decisions. In addition, Mr Zhong Siliang assists in the overall management of Yanlord Land (Shenzhen) Co., Ltd. and is also the Deputy Director of our operations in the Group since 2007.

Mr. Zhong Siliang holds a Master's Degree from the Washington University-Fudan University EMBA programme and a Bachelor's Degree in Business Administration from the University of Portsmouth, England.

### MS. CHAN YIU LING Executive Director

Ms. Chan Yiu Ling is our Executive Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 26, 2013. Since 1999, she has been assisting our Chairman and CEO, Mr. Zhong Sheng Jian, and is responsible for various administrative functions of our Group. Prior to that, she was the Sales Manager of Yanlord Industrial Ltd., where she managed its sales and marketing department for close to 10 years. Ms. Chan has approximately eight years of administration experience working as an Administration Executive in various companies before joining us. Ms. Chan graduated with a diploma from the Chinese YMCA Secretarial Course in 1982.

### MR. HONG ZHI HUA Executive Director

Mr. Hong Zhi Hua is our Executive Director and was first appointed on September 20, 2006. His last re-election as our Director was on April 25, 2012. Mr. Hong has also been our Executive Vice-President since May 2005 and is responsible for the Group's human resources, recruitment, and other corporate and administration matters. In addition, Mr. Hong also oversees the planning and strategic development of Sino-Singapore Nanjing Eco Hi-tech Island. Prior to joining our Group, he was a Director and CEO of Shanghai Hua Hong Investment Management Co., Ltd., Assistant General Manager of Shanghai Lujiazui Financial District Holdings and Vice-President of Shanghai Waigaoqiao Free Zone Holdings. From 1992 to 1999, he was the Deputy Department Head of Shanghai Pudong New District Economics and Trade Commission and was responsible

for boosting trade in the area and attracting investments. From 1985 to 1992, he was the Honorary Secretary for the Youth Division of the Shanghai Communications Bureau, where he was involved in the administration of the Youth Division and its related educational institute.

Mr. Hong holds a Doctorate in Business Administration from the University of South Australia and a Master's Degree in Business Administration from La Trobe University. In 1997, he graduated with a Bachelor's Degree in Business Administration from the Shanghai University, PRC.

#### **MR. RONALD SEAH LIM SIANG**

##### **Lead Independent Director**

Mr. Ronald Seah Lim Siang is our Lead Independent Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. Over a 26-year period between 1980 and 2005, he held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as Vice-President, Direct Investments of AIG Global Investment Corporation (Singapore) Ltd. Between 2001 and 2005, Mr. Seah was also Chairman of the Board of Directors of AIG Global Investment Corporation (Singapore) Ltd.

From 1978 to 1980, Mr. Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for

the bank. Between 2002 and 2003, Mr. Seah served on the panel of experts of the Commercial Affairs Department of Singapore. He served on the Investment Committee of the National Council of Social Service between 1996 and 2014.

Mr. Seah sits on the boards of other listed companies namely, Global Investments Limited, Telechoice International Limited and PGG Wrightson Limited (listed on the New Zealand Stock Exchange). Mr Seah is also an Independent Director on the boards of M&C REIT Management Limited (as manager of CDL Hospitality Real Estate Investment Trust) and M&C Business Trust Management Limited (as trustee-manager of CDL Hospitality Business Trust).

Mr. Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Upper Honours in Economics) from the then University of Singapore in 1975.

#### **MR. NG SER MIANG**

##### **Independent Director**

Mr. Ng Ser Miang is our Independent Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. He has been the Chairman and founder of TIBS International Pte. Ltd. since 1981 and is currently a member of the International Olympic Committee (IOC). He is an Independent Director of Singapore Press Holdings Limited. Mr. Ng was the Chairman of WBL Corporation Limited and also the Chairman of NTUC Fairprice Co-operative Limited.

Mr. Ng is the Chairman of Network China and has served as a member of the Asia Pacific Economic Cooperation (APEC) Business Advisory Committee

(ABAC) from 2001 to September 2008. He is on the Resource Panel (Chinese Newspaper Division) of the Singapore Press Holdings Limited and was the Chairman of the Singapore Sports Council from 1991 to 2002. Mr. Ng was appointed a Justice of the Peace in September 2005 and was a Nominated Member of Parliament from June 2002 to January 2005. In 2010, he was conferred the Meritorious Service Medal (Pingat Jasa Gemilang), a National Day Award, by the Singapore Government in addition to the Public Service Star in 1999. He also received the following awards namely, the National Trades Union Congress (NTUC) May Day Award – Medal of Commendation in 1993, NTUC Friend of Labour Award in 2001, NTUC Meritorious Service Award in 2007, Singapore National Co-operative Federation Rochdale Medal in 2013 and the Outstanding Chief Executive of the Year Award (Singapore Business Awards) in 1992. Mr. Ng graduated with a Bachelor's Degree in Business Administration (Honours) from the then University of Singapore and is also a Fellow of the Chartered Institute of Transport (FCIT).



## BOARD OF DIRECTORS

### MS. NG SHIN EIN

#### Independent Director

Ms. Ng Shin Ein is our Independent Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 25, 2012.

Ms. Ng is the Managing Director of Blue Ocean Associates Pte Ltd, a pan-Asian private investment firm investing in companies regionally. Prior to this, Ms Ng was with the Singapore Exchange, where she was responsible for developing Singapore's capital market and bringing companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee, where she contributed industry perspectives and also acted as a conduit between the marketplace and regulators.

Admitted as an advocate and solicitor of the Singapore Supreme Court, Ms. Ng started as a corporate lawyer in Messrs Lee & Lee for a number of years. While in legal practice, she advised on joint ventures, mergers and acquisitions and fundraising exercises.

Ms. Ng also sits on the boards of NTUC Fairprice Cooperative Limited, Sabana Real Estate Investment Management Pte. Ltd., First Resources Limited, Eu Yan Sang International Limited and UPP Holdings Limited. Additionally, she is an adjunct research fellow with the Business School of the National University of Singapore where she focuses on her areas of interest, philanthropy and social enterprises.

Ms. Ng holds a Degree in LLB (Honours) from Queen Mary and Westfield College, University of London.

### LIEUTENANT-GENERAL (RET) NG JUI PING

#### Independent Director

Lieutenant-General (Ret) Ng is our Independent Director and was first appointed on September 20, 2006. His last re-election as our Director was on April 26, 2013.

General Ng has a distinguished 30-year military career culminating in the position of Chief of Defence Force, Singapore, from which he retired in 1995. He was also Chief of Army and Chief of Staff (General Staff). He has been conferred the Meritorious Service Medal (Military) and the Public Administration Medal (Gold), among other national honours, for distinguished service to Singapore. He has also been conferred prestigious awards by regional countries for his contributions.

Following his retirement from the Singapore Armed Forces, General Ng took up the entrepreneurial route. He listed the company he co-founded on the SGX-ST in January 2000 and exited via a share sale in late 2004. He is currently Chairman of August Asia Consulting Pte. Ltd., a wholly-owned business advisory. He is an Independent Director on the SGX-ST listed boards of Pacific Andes Resources Development Limited and Singapore Shipping Corporation Limited.

General Ng held various positions including Deputy Chairman of the Central Provident Fund Board, Singapore; Director of PSA International Pte Ltd and Chairman of its China and North East Asia Grouping; Director of NTUC Income; Chairman of Singapore Technologies Automotive Ltd and Chartered Industries of Singapore

Pte Ltd; Corporate Advisor to Singapore Technologies Pte. Ltd. and Singapore Technologies Engineering Ltd; and Chairman Asia Pacific of AGT International, a global public safety and security corporation. He was Advisor to Aldar, the largest Abu Dhabi property developer, and to Chesterton International Property Consultants Pte. Ltd.

General Ng is a Master of Arts (History) from Duke University, USA and a graduate of the Advanced Management Programme, Harvard Business School, USA.

## KEY MANAGEMENT

### MR. ZHANG HAO NING

#### Executive Vice-President

Mr. Zhang Hao Ning has been our Executive Vice-President since May 2012 and is responsible for project development. Prior to that, he was the General Manager of our Nanjing operations since 2005 and was responsible for the overall management of our business in Nanjing. He was our Assistant General Manager of our Nanjing operations between 2000 and 2005, and the Manager of our Nanjing operations department from 1994 to 2000. Prior to joining us, he worked as a Cost Engineer in the Architecture Design Institute, Nanjing and Hong Kong Changjiang Pte. Ltd., Nanjing between 1990 and 1994, and was responsible for the management of their engineering budgets and was also involved in the design work of the Architecture Design Institute. Mr. Zhang obtained a Master's Degree in Economics from the Nanjing University in the PRC in 1995. He is also a registered Cost Engineer with the Jiangsu Department of Personnel since 1998.

### MR. CHEN PING

#### Executive Vice-President

Mr. Chen Ping has been our Executive Vice-President since January 2013 and is responsible for the Group's property management business. Prior to this, Mr. Chen was the General Manager of Shanghai Yanlord Property Management Co., Ltd. between 2004 and January 2013. Between 1994 and 2004, Mr. Chen was a Sales Manager of Shanghai Yanlord Property Co., Ltd. Before joining the Group, Mr. Chen was an Engineer of Shanghai Xin Hu Steel Factory. Mr. Chen graduated from Tongji University, Shanghai, majoring in Civil and Industrial Engineering.

### MR. JIM CHAN CHI WAI

#### Group Financial Controller

Mr. Jim Chan Chi Wai has been our Group Financial Controller since 2003. He is responsible for our day-to-day finance and accounting functions and is also involved in the supervision of our finance staff. He has more than 10 years of experience as an auditor and accountant. Prior to joining Yanlord, he was the Financial Controller of Komark Hong Kong Co., Ltd, a subsidiary of KomarkCorp Berhad, a multinational company listed in Malaysia, for approximately two years. He was also a Senior Accountant at Cathay International Limited, a multinational company with investments in the United Kingdom and the PRC from 1997 to 2001 and Senior Audit Accountant at PricewaterhouseCoopers from 1993 to 1997. Mr. Chan graduated with a Bachelor of Arts in Accountancy with Second Class Honours, Upper Division, from the City University of Hong Kong in 1993. He is a Certified Public Accountant registered with the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, Hong Kong.

### MR. ZHONG BAILING

#### General Manager - Shanghai

Mr. Zhong Bailing has been the General Manager of our Shanghai operations since November 2012 and is responsible for the overall management of our business in Shanghai. Prior to that, he was the General Manager of our Shenzhen operations since March 2010 and was responsible for the overall management of our business in Shenzhen. From December 2006 to March 2010, Mr. Zhong was the Executive Vice General Manager of our Zhuhai subsidiary, taking charge of architectural design, engineering, marketing and property management.

Between February 1999 and December 2006, Mr. Zhong was a Senior Manager of IPC Corporation Ltd. of Singapore and was responsible for the company's project development and marketing in Zhuhai. From May 1996 to February 1998, Mr. Zhong was a Project Manager with Zhuhai International Engineering Consulting Co., Ltd. Mr. Zhong obtained his Bachelor's and Master's Degrees in Engineering from Tsinghua University in 1993 and 1996 respectively. From February 1998 to March 1999, he was a visiting scholar at Nanyang Technological University in Singapore. Mr. Zhong is a member of China Institute of Real Estate Appraisers and Agents.

### MR. LAM CHING FUNG

#### General Manager – Zhuhai

Mr. Lam Ching Fung has been the General Manager of our operations in Zhuhai since 2005 and is responsible for the overall management of our business in Zhuhai. He was previously a Director of the Zhuhai Special Economic Zone Longshi Bottle Capping Factory and was also responsible for the overall management of the business. Mr. Lam has completed an executive course in Advanced Business Management conducted by Qinghua University, Zhuhai.



## KEY MANAGEMENT

### MR. ZHOU CHENG

#### General Manager – Suzhou

Mr. Zhou Cheng is the General Manager of our Suzhou operations and is responsible for the overall management of our business in Suzhou. Mr. Zhou joined Yanlord in April 2000 as a Project Manager in the Group's Nanjing subsidiary and has assumed numerous roles including the Manager of the Engineering Department at our Nanjing subsidiary before assuming the role as the Vice General Manager of our Suzhou subsidiary in 2005. Between 1999 and April 2000, Mr. Zhou was the Project Manager and Civil & HVAC Engineer at Pepsi Cola Nanjing. Between 1989 and 1999, Mr. Zhou was Project Manager at Nanjing Steel Group. Mr. Zhou graduated from Xi'an University of Architecture and Technology in 1989 with a Degree in Industrial and Civil Engineering.

### MR. HUANG ZHONG XIN

#### General Manager – Chengdu

Mr. Huang Zhong Xin has been the General Manager of our Chengdu operations since 2005 and is responsible for the overall management of our operations in Chengdu. Since 2002, he served as the Assistant General Manager and later the General Manager of Yanlord Land (Chengdu) Co., Ltd. He was involved in day to day operations of the company. Mr. Huang has been with Yanlord since 1989. He was first involved in the international trading business of Yanlord Holdings until 1993. Subsequently, he was the Assistant General Manager of Yanlord Industrial (Shenzhen) Co., Ltd. and was responsible for setting up of industrial centres for two years. From 1994 to 2002, he was the Assistant General Manager at Yanlord Investment (Nanjing) Co., Ltd. and Acting

General Manager of Yanlord Property Management Co., Ltd. and was involved in the marketing, project planning and property management functions of these companies.

### MR. GAO YONGJUN

#### General Manager – Nanjing and Sanya

Mr. Gao Yongjun was appointed General Manager of our Nanjing operations in May 2012 and has been the General Manager of our Sanya operations since March 2010. He is responsible for the overall management of our businesses in Nanjing and Sanya. Mr. Gao joined Yanlord in March 1998 and worked as Project Manager, Director of Engineering Department and Assistant General Manager of our Nanjing subsidiary over the years, taking charge of project development and landscaping. Between December 2006 and March 2010, Mr. Gao was the Vice General Manager of our Nanjing subsidiary. Mr. Gao graduated from Yangzhou University in 1993 and majored in Industrial and Civil Engineering.

### MR. LIU HAN

#### General Manager – Tianjin and Tangshan

Mr. Liu Han was appointed the General Manager of our Tianjin and Tangshan operations in November 2013. Prior to joining Yanlord, Mr. Liu served as the Managing Director of Hong Kong based RK Properties and oversaw the operations of its Tianjin and Shandong subsidiaries. During his tenure with RK Properties from 2007 to 2013, Mr Liu served as a member of RK Properties' management and marketing committees, an Associate Director on the Board as well as the General Manager of RK properties' Changzhou subsidiary

and its Jiangsu property management company. Prior to joining RK Properties, Mr. Liu worked at Sunco Group between July 1997 and December 2006, specializing in marketing and sales before assuming the responsibilities of General Manager of Sunco Development (Tianjin) and Regional General Manager for Tianjin of Sunco Group in March 2003. From March 2006 to December 2006, Mr. Liu was also the Vice-President (Marketing) of Sunco Group. Mr. Liu is a certified Senior Civil Engineer and graduated from Nankai University with a Bachelor's Degree in Economics in 1995.

### MR. RUAN XIN KUN

#### General Manager – Haimen

Mr. Ruan Xin Kun was appointed the General Manager of our Haimen operations in April 2014 and is responsible for the overall management of our business in Haimen. Mr. Ruan was the Assistant General Manager of our Suzhou operations from 2003 to 2014 and was responsible for cost management, finance, sales and business development. Prior to joining Yanlord, Mr. Ruan served as a Department Manager of Chuxiong Renheng Fertilizer Co., Ltd. and as an Executive Director of Suzhou Renheng QingLing Motor Trading Co., Ltd.

# Financial

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# REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2014.

## 1 DIRECTORS

The directors of the Company in office at the date of this report are:

Zhong Sheng Jian  
Zhong Siliang  
Chan Yiu Ling  
Hong Zhi Hua  
Ronald Seah Lim Siang  
Ng Ser Miang  
Ng Shin Ein  
Ng Jui Ping

## 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 5 of the Report of the Directors.

## REPORT OF THE DIRECTORS

### 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap 50 ("Act") except as follows:

Name of directors and companies in which interests are held	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<b>The Company</b>				
a) Ordinary shares				
Zhong Sheng Jian <sup>(1)</sup>	9,067,000	9,067,000	1,278,390,000	1,278,390,000
Zhong Siliang	320,000	320,000	–	–
Chan Yiu Ling <sup>(2)</sup>	720,000	720,000	25,000	25,000
Hong Zhi Hua <sup>(3)</sup>	40,000	40,000	–	–
Ronald Seah Lim Siang	20,000	20,000	–	–
Ng Ser Miang	705,000	705,000	–	–
Ng Shin Ein	118,000	118,000	–	–
Ng Jui Ping	100,000	100,000	–	–
b) Convertible notes due 2014 (S\$'000)				
Ng Shin Ein	1,750	–	–	–
c) Senior notes due 2017 (US\$'000)				
Zhong Sheng Jian	2,500	–	–	–
Ng Ser Miang	2,000	–	–	–
Ng Shin Ein	200	–	–	–
d) Senior notes due 2017 (S\$'000)				
Ng Shin Ein	–	3,000	–	–

<sup>(1)</sup> Zhong Sheng Jian is deemed to be interested in 1,278,390,000 (2013 : 1,278,390,000) ordinary shares in the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest).

<sup>(2)</sup> 25,000 shares in the Company held by the spouse of Chan Yiu Ling.

<sup>(3)</sup> Interest held via nominee account.



# REPORT OF THE DIRECTORS

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

The directors' beneficial interest in other related corporations' shares and debentures were as follows:

Name of directors and companies in which interests are held	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<b>Immediate holding company</b>				
<u>Yanlord Holdings Pte. Ltd.</u> (Ordinary shares)				
Zhong Sheng Jian	95,000,000	95,000,000	5,000,000	5,000,000
<b>Related corporations</b>				
(i) <u>Yanlord Capital Pte. Ltd.</u> (Ordinary shares)				
Zhong Sheng Jian	-	-	1	1
(ii) <u>Yanlord Industries Pte. Ltd.</u> (Ordinary shares)				
Zhong Sheng Jian	-	-	1	1

By virtue of Section 7 of the Act, Zhong Sheng Jian is deemed to have an interest in the Company and all the related corporations of the Company.

The directors' interests in the shares and senior notes of the Company as at January 21, 2015 were the same as at December 31, 2014.

## 4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in these financial statements or the financial statements of the relevant related corporations within the Group, if any. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

# REPORT OF THE DIRECTORS

## 5 SHARE OPTIONS AND CONVERTIBLE NOTES

### 5.1 Yanlord Land Group Share Option Scheme 2006 ("ESOS 2006")

The ESOS 2006 will provide eligible participants with the opportunity to participate in the equity of the Company and motivate them towards better performance through increased dedication and loyalty. The aggregate number of shares that may be issued or issuable under the plan at any time may not exceed 15% of the then issued share capital.

The Remuneration Committee ("RC") comprises 3 independent directors, and they are Ng Jui Ping, Ronald Seah Lim Siang and Ng Shin Ein. The RC administers the ESOS 2006.

Options may be granted to employees and directors of the Company or any of the related entities, which include the subsidiaries or any entities in which the Company holds a substantial ownership interest, including any such employees or directors who are associates of the controlling shareholder. The controlling shareholder is not eligible to participate in the ESOS 2006.

In general, the plan administrator determines the exercise price of an option. The exercise price may be a fixed or variable price related to the fair market value of the ordinary shares. The term of each award will be stated in the award agreement. The term of an award will not exceed 10 years from the date of the grant, or five years from the date of grant in the case of options granted to non-executive directors or employees of related entities other than subsidiaries. In general, the plan administrator determines, or the award agreement specifies, the vesting schedule.

The Board of Directors may at any time amend, suspend or terminate the ESOS 2006. Amendments to the plan are subject to shareholder approval to the extent required by law, or stock exchange rules or regulations. Additionally, shareholder approval is specifically required to increase the number of shares available for issuance under the plan or to extend the term of an option beyond 10 years. Unless terminated earlier, the plan will expire and no further awards may be granted after the tenth anniversary of the shareholder's approval of the plan.

This scheme will continue to be in force at the discretion of the RC subject to a maximum period of 10 years commencing on the date the ESOS 2006 was adopted by the Company in general meeting. However, ESOS 2006 may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities that may then be required.

During the financial year, no option was granted under the ESOS 2006.

### 5.2 Convertible Notes

In year 2009, the Company issued convertible notes due in 2014, details of which are disclosed in Note 23 to the financial statements.

Upon maturity on July 13, 2014, the Company had fully redeemed the remaining outstanding convertible notes due in 2014 in accordance with the terms set out in the Trust Deed dated July 13, 2009.

## 6 OPTIONS EXERCISED

During the financial year, no share of the Company or any corporation in the Group was allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.



# REPORT OF THE DIRECTORS

## 7 UNISSUED SHARES UNDER OPTIONS

There was no option granted by the Company or any corporation in the Group to any person to take up unissued shares of the Company or any corporation in the Group as at the end of the financial year.

## 8 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members:

Ronald Seah Lim Siang	Chairman and Lead Independent Director
Ng Jui Ping	Independent Director
Ng Shin Ein	Independent Director

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP, Singapore for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

## 9 AUDITORS

The auditors, Deloitte & Touche LLP, Singapore, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

**Zhong Sheng Jian**

**Chan Yiu Ling**

March 27, 2015

## STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 61 to 131 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

**Zhong Sheng Jian**

**Chan Yiu Ling**

March 27, 2015

# INDEPENDENT AUDITORS' REPORT

To the Members of Yanlord Land Group Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Yanlord Land Group Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2014, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 131.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

### Deloitte & Touche LLP

Public Accountants and  
Chartered Accountants  
Singapore

March 27, 2015



# STATEMENTS OF FINANCIAL POSITION

December 31, 2014

	Note	GROUP		COMPANY	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	1,065,073	757,334	–	–
Investment properties	8	10,244,250	8,764,770	–	–
Properties for development	9	8,958,369	9,960,451	–	–
Investments in subsidiaries	10	–	–	2,390,874	2,465,544
Investment in an associate	11	–	–	–	–
Investments in joint ventures	12	694,013	600,486	–	–
Other receivables	17	304,876	–	–	–
Non-trade amount due from non-controlling shareholders of a subsidiary	13	210,642	158,367	–	–
Intangible asset	14	613	613	–	–
Deferred tax assets	15	370,340	219,707	–	–
Derivative financial instruments	16	1,426	20,402	–	–
Total non-current assets		21,849,602	20,482,130	2,390,874	2,465,544
<b>Current assets</b>					
Inventories		44,793	40,830	–	–
Completed properties for sale	9	5,221,147	4,324,410	–	–
Properties under development for sale	9	32,116,714	28,640,895	–	–
Trade receivables		39,118	39,213	–	–
Other receivables and deposits	17	583,587	411,268	1	3
Non-trade amounts due from:					
Subsidiaries	5	–	–	12,542,828	12,785,666
Associate	11	366	354	–	–
Joint ventures	12	–	230	–	–
Non-controlling shareholders of subsidiaries	13	512,601	376,380	–	–
Other related parties	6	562	551	–	–
Income tax prepayment		324,619	–	–	–
Held-for-trading investment	18	13,610	11,056	–	–
Pledged bank deposits	19	29,842	29,643	–	–
Cash and cash equivalents	19	6,590,084	7,082,045	3,535	6,894
Total current assets		45,477,043	40,956,875	12,546,364	12,792,563
<b>Total assets</b>		<b>67,326,645</b>	<b>61,439,005</b>	<b>14,937,238</b>	<b>15,258,107</b>

# STATEMENTS OF FINANCIAL POSITION

December 31, 2014

	Note	GROUP		COMPANY	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
<b>EQUITY AND LIABILITIES</b>					
<b>Capital, reserves and non-controlling interests</b>					
Share capital	20	<b>7,261,726</b>	7,261,726	<b>7,261,726</b>	7,261,726
Reserves		<b>11,913,045</b>	10,667,853	<b>(659,157)</b>	(346,090)
Equity attributable to equity holders of the Company		<b>19,174,771</b>	17,929,579	<b>6,602,569</b>	6,915,636
Non-controlling interests		<b>10,198,470</b>	9,928,798	–	–
Total equity		<b>29,373,241</b>	27,858,377	<b>6,602,569</b>	6,915,636
<b>Non-current liabilities</b>					
Bank loans - due after one year	22	<b>11,480,881</b>	7,535,512	<b>273,651</b>	293,138
Senior notes	24	<b>6,243,882</b>	6,185,391	<b>4,258,493</b>	4,209,800
Deferred tax liabilities	15	<b>1,648,103</b>	1,363,647	–	–
Non-trade amount due to a non-controlling shareholder of subsidiaries	13	<b>20,000</b>	20,000	–	–
Total non-current liabilities		<b>19,392,866</b>	15,104,550	<b>4,532,144</b>	4,502,938
<b>Current liabilities</b>					
Bank loans - due within one year	22	<b>2,081,398</b>	3,262,391	<b>14,674</b>	–
Convertible notes	23	–	326,261	–	326,261
Trade payables	25	<b>5,496,168</b>	5,077,788	–	–
Other payables	26	<b>7,788,290</b>	6,608,820	<b>86,820</b>	107,009
Non-trade amounts due to:					
Subsidiary	5	–	–	<b>3,679,754</b>	3,249,140
Ultimate holding company	5	–	133,741	–	133,741
Directors	6	<b>21,277</b>	23,382	<b>21,277</b>	23,382
Non-controlling shareholders of subsidiaries	13	<b>189,833</b>	153,427	–	–
Other related parties	6	<b>1,996</b>	–	–	–
Income tax payable		<b>2,981,576</b>	2,890,268	–	–
Total current liabilities		<b>18,560,538</b>	18,476,078	<b>3,802,525</b>	3,839,533
<b>Total equity and liabilities</b>		<b>67,326,645</b>	61,439,005	<b>14,937,238</b>	15,258,107

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Financial year ended December 31, 2014

	Note	GROUP	
		2014 RMB'000	2013 RMB'000
<b>Revenue</b>	27	<b>11,733,334</b>	11,280,109
<b>Cost of sales</b>		<b>(8,302,184)</b>	(7,279,775)
<b>Gross profit</b>		<b>3,431,150</b>	4,000,334
Other operating income	28	<b>1,100,206</b>	636,528
Selling expenses		<b>(260,284)</b>	(213,955)
Administrative expenses		<b>(525,767)</b>	(561,472)
Other operating expenses		<b>(4,069)</b>	(3,057)
Finance cost	29	<b>(236,566)</b>	(208,042)
Share of profit of joint ventures	12	<b>93,527</b>	87,632
<b>Profit before income tax</b>		<b>3,598,197</b>	3,737,968
Income tax	30	<b>(1,478,764)</b>	(1,645,869)
<b>Profit for the year</b>	31	<b>2,119,433</b>	2,092,099
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>1,359,447</b>	1,473,753
Non-controlling interests		<b>759,986</b>	618,346
		<b>2,119,433</b>	2,092,099
Earnings per share (cents)	32		
- Basic		<b>69.76</b>	75.63
- Diluted		<b>69.42</b>	74.90

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year ended December 31, 2014

	Note	GROUP	
		2014 RMB'000	2013 RMB'000
<b>Profit for the year</b>	31	<b>2,119,433</b>	2,092,099
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference		<b>22,714</b>	302,619
Cash flow hedge	21	<b>(11,872)</b>	4,778
<b>Other comprehensive income for the year, net of tax</b>		<b>10,842</b>	307,397
<b>Total comprehensive income for the year</b>		<b>2,130,275</b>	2,399,496
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>1,370,289</b>	1,781,189
Non-controlling interests		<b>759,986</b>	618,307
		<b>2,130,275</b>	2,399,496

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2014

	Note	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Hedging reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>GROUP</b>							(Note 21)					
Balance at January 1, 2013		7,261,726	(412,772)	181,505	781,973	(1,834,019)	-	(337,230)	10,688,570	16,329,753	10,353,503	26,683,256
Total comprehensive income for the year:												
Profit for the year		-	-	-	-	-	-	-	1,473,753	1,473,753	618,346	2,092,099
Other comprehensive income for the year		-	302,658	-	-	-	4,778	-	-	307,436	(39)	307,397
Total		-	302,658	-	-	-	4,778	-	1,473,753	1,781,189	618,307	2,399,496
Transactions with equity holders, recognised directly in equity:												
Acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	400	400
Return of non-controlling shareholder's share of reserves		-	-	-	-	-	-	-	-	-	(432,030)	(432,030)
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	-	-	62,298	62,298
Dividends	33	-	-	-	-	-	-	-	(181,363)	(181,363)	-	(181,363)
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(673,680)	(673,680)
Appropriations		-	-	-	181,745	-	-	-	(181,745)	-	-	-
Total		-	-	-	181,745	-	-	-	(363,108)	(181,363)	(1,043,012)	(1,224,375)
Balance at December 31, 2013		7,261,726	(110,114)	181,505	963,718	(1,834,019)	4,778	(337,230)	11,799,215	17,929,579	9,928,798	27,858,377

# STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2014

	Note	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Hedging reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
							(Note 21)					
<b>GROUP</b>												
Balance at January 1, 2014		7,261,726	(110,114)	181,505	963,718	(1,834,019)	4,778	(337,230)	11,799,215	17,929,579	9,928,798	27,858,377
Total comprehensive income for the year:												
Profit for the year		-	-	-	-	-	-	-	1,359,447	1,359,447	759,986	2,119,433
Other comprehensive income for the year		-	22,714	-	-	-	(11,872)	-	-	10,842	-	10,842
Total		-	22,714	-	-	-	(11,872)	-	1,359,447	1,370,289	759,986	2,130,275
Transactions with equity holders, recognised directly in equity:												
Transfer on redemption of convertible notes due 2014	23	-	-	(181,505)	-	-	-	-	181,505	-	-	-
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	-	-	138,037	138,037
Dividends	33	-	-	-	-	-	-	-	(125,097)	(125,097)	-	(125,097)
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(628,351)	(628,351)
Appropriations		-	-	-	111,773	-	-	-	(111,773)	-	-	-
Total		-	-	(181,505)	111,773	-	-	-	(55,365)	(125,097)	(490,314)	(615,411)
Balance at December 31, 2014		7,261,726	(87,400)	-	1,075,491	(1,834,019)	(7,094)	(337,230)	13,103,297	19,174,771	10,198,470	29,373,241

See accompanying notes to financial statements.



## STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2014

	Note	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>COMPANY</b>						
Balance at January 1, 2013		7,261,726	162,137	181,505	(723,305)	6,882,063
Total comprehensive income for the year:						
Profit for the year		–	–	–	666,155	666,155
Other comprehensive expense for the year		–	(451,219)	–	–	(451,219)
Total		–	(451,219)	–	666,155	214,936
Dividends, representing total transaction with equity holders, recognised directly in equity	33	–	–	–	(181,363)	(181,363)
Balance at December 31, 2013		7,261,726	(289,082)	181,505	(238,513)	6,915,636
Total comprehensive expense for the year:						
Profit for the year		–	–	–	28,283	28,283
Other comprehensive expense for the year		–	(216,253)	–	–	(216,253)
Total		–	(216,253)	–	28,283	(187,970)
Total transaction with equity holders, recognised directly in equity:						
Transfer on redemption of convertible notes due 2014	23	–	–	(181,505)	181,505	–
Dividends	33	–	–	–	(125,097)	(125,097)
Total		–	–	(181,505)	56,408	(125,097)
Balance at December 31, 2014		7,261,726	(505,335)	–	(153,822)	6,602,569

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2014

	Note	GROUP	
		2014 RMB'000	2013 RMB'000
<b>Operating activities</b>			
Profit before income tax		<b>3,598,197</b>	3,737,968
Adjustments for:			
Allowance for doubtful debts and bad debts written off		–	41
Depreciation expense		<b>30,661</b>	35,418
Dividend income from held-for-trading investment		<b>(208)</b>	(209)
Fair value gain on investment properties		<b>(991,491)</b>	(572,058)
Fair value gain on held-for-trading investment		<b>(2,460)</b>	(71)
Finance cost		<b>236,566</b>	208,042
Interest income		<b>(81,626)</b>	(42,062)
Net (gain) loss on disposal of property, plant and equipment		<b>(303)</b>	111
Net gain on disposal of investment properties		<b>(1,202)</b>	(1,091)
Share of profit of joint ventures		<b>(93,527)</b>	(87,632)
Operating cash flows before movements in working capital		<b>2,694,607</b>	3,278,457
Properties for development		<b>(3,305,546)</b>	(3,191,695)
Inventories		<b>(3,682)</b>	(1,152)
Completed properties for sale		<b>1,841,877</b>	2,674,828
Properties under development for sale		<b>(1,040,549)</b>	(1,650,760)
Trade and other receivables and deposits		<b>(418,411)</b>	(68,432)
Trade and other payables		<b>1,554,305</b>	2,734,574
Cash generated from operations		<b>1,322,601</b>	3,775,820
Interest paid		<b>(1,333,726)</b>	(1,129,219)
Income tax paid		<b>(1,578,253)</b>	(1,556,699)
Net cash (used in) from operating activities		<b>(1,589,378)</b>	1,089,902

# CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2014

	Note	GROUP	
		2014 RMB'000	2013 RMB'000
<b>Investing activities</b>			
Acquisition of a subsidiary		–	327
Investments in joint ventures		–	(177,131)
Dividend received from held-for-trading investment		208	209
Interest received		48,869	28,458
Increase in pledged bank deposits		(199)	(14,571)
Proceeds on disposal of property, plant and equipment		2,079	9,066
Proceeds on disposal of investment properties		10,204	20,025
Payment for property, plant and equipment		(246,348)	(100,600)
Payment for investment properties		(232,647)	(139,127)
Advance to an associate		(12)	(136)
Repayment from (Advance to) joint ventures		230	(230)
Advance to non-controlling shareholders of subsidiaries		(62,610)	(142,109)
Net cash used in investing activities		(480,226)	(515,819)
<b>Financing activities</b>			
Dividends paid	33	(125,097)	(181,363)
Dividends paid to non-controlling shareholders of subsidiaries		(596,022)	(625,823)
Net proceeds on issue of senior notes		1,966,685	1,969,864
Proceeds from bank loans		8,630,158	7,550,165
Repayment of bank loans		(5,887,395)	(5,097,558)
Redemption of convertible notes		(348,208)	–
Redemption of senior notes		(1,938,765)	–
Advance from (Repayment to) directors		19,374	(7,989)
Repayment to ultimate holding company		(166,707)	(76,901)
Advance from (Repayment to) non-controlling shareholders of subsidiaries		3,750	(228,607)
Advance from other related parties		1,996	–
Cash injection (withdrawal) from non-controlling shareholders of subsidiaries		55,537	(369,732)
Net cash from financing activities		1,615,306	2,932,056
Net (decrease) increase in cash and cash equivalents		(454,298)	3,506,139
Cash and cash equivalents at beginning of year	19	7,082,045	3,540,577
Effect of exchange rate changes on the balance of cash held in foreign currencies		(37,663)	35,329
<b>Cash and cash equivalents at end of year</b>	19	<b>6,590,084</b>	<b>7,082,045</b>

See accompanying notes to financial statements.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 1 GENERAL

The Company (Registration No. 200601911K) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Temasek Boulevard, #36-02 Suntec Tower Two, Singapore 038989. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Renminbi ("RMB").

The principal activity of the Company is to carry on the business of an investment holding company and procurer of funds.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2014 were authorised for issue by the Board of Directors on March 27, 2015.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ADOPTION OF NEW AND REVISED STANDARDS** - On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new / revised FRSs and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below:

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### **FRS 112 *Disclosure of Interests in Other Entities***

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and / or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements.

At the date of authorisation of these financial statements, the following new / revised FRSs, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments* <sup>(1)</sup>
- FRS 115 *Revenue from Contracts with Customers* <sup>(2)</sup>
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* <sup>(3)</sup>
- Improvements to Financial Reporting Standards (January 2014) <sup>(4)</sup>

<sup>(1)</sup> Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

<sup>(2)</sup> Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

<sup>(3)</sup> Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

<sup>(4)</sup> Applies to annual periods beginning on or after July 1, 2014, with early application permitted.

Consequential amendments were also made to various standards as a result of these new / revised standards.

The management anticipates that the adoption of the above FRSs, INT FRS and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

### **FRS 109 *Financial Instruments***

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the Group and the Company in the period of initial adoption.

### **FRS 115 Revenue from Contracts with Customers**

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the Group and the Company in the period of initial adoption.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management is currently evaluating the potential impact of the application of amendments to FRS 1 on the financial statements of the Group and the Company in the period of initial adoption.

### Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of the improvements project comprise the following which are relevant to the Group. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key Amendment
FRS 108 <i>Operating Segments</i>	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

Management is currently evaluating the potential impact of the application of improvements to FRS (January 2014) on the financial statements of the Group and the Company in the period of initial adoption.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**BUSINESS COMBINATIONS** - The acquisition of subsidiaries from a common controlling shareholder is accounted for using the merger accounting method. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries.

The acquisition of subsidiaries from a party other than a common controlling shareholder is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former equity holders of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

#### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in "other operating income" or "other operating expense" line in the consolidated statement of profit or loss. Fair value is determined in the manner described in Note 4 (c) (vi).

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

#### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## **Financial liabilities and equity instruments**

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

### Convertible notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component. The components of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity reserve, net of income tax effects, and is not subsequently remeasured.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in equity reserve until the embedded option is exercised in which case the balance stated in equity reserve will be transferred to share capital. When the conversion option remains unexercised at the expiry date or the maturity date of the convertible notes, the balance recognised in equity will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiry of the option.

### Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 16 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

### Hedge accounting

The Group designates certain hedging instruments of derivatives as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 16 contain details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in Note 21.

### Cash flow hedge

The effective portion of changes in fair value of derivatives that are designed and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the consolidated statement of profit or loss and consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are recognised on a straight-line basis over the lease term on the same basis as the leased income.

### The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

PROPERTIES FOR DEVELOPMENT - Properties for development are mainly vacant leasehold land for future development in respect of which physical construction is not expected to commence within twelve months from the end of the reporting period. They are stated at cost less allowance for any impairment in value.

PROPERTIES UNDER DEVELOPMENT FOR SALE - Properties under development for sale are stated at lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of property under development comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties for sale.

Properties under development for sale include properties in respect of which concrete planning and preparatory activities have been approved by management and have commenced, and physical construction is expected to commence within twelve months from the end of the reporting period.

COMPLETED PROPERTIES FOR SALE - Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of land cost, construction costs and capitalised borrowing costs incurred during the period of construction.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than construction-in-progress, over their estimated useful lives, using the straight-line method on the following bases:

Leasehold land and buildings	-	2% to 5%
Motor vehicles	-	10% to 25%
Furniture, fixtures and equipment	-	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of a property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**INVESTMENT PROPERTIES** - Investment properties are properties held to earn rental income and / or for capital appreciation and properties under construction for such purposes. They are measured initially at cost, including transaction costs and subsequent to initial recognition, measured at fair value. Professional valuations are obtained at least once every year. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. Where there is an inability to determine fair value reliably when comparable market transactions are infrequent and alternative reliable estimates of fair value are not available, the investment property is measured at cost.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**INTANGIBLE ASSET** - This relates to a club membership held on a long-term basis and is stated at cost less any impairment loss.

**IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS** - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than investment properties, derivative financial instruments and held-for-trading investment carried at fair value, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**ASSOCIATE AND JOINT VENTURES** - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when investment in an associate becomes investment in a joint venture or investment in a joint venture becomes investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

**PROVISIONS** - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**MERGER DEFICIT**– Merger deficit arises from combination of entities under common control accounted for using merger accounting method (see "Business Combinations"). The merger reserve represents the difference between the aggregate nominal amounts of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued by the Company as consideration for the acquisition.

**STATUTORY RESERVE** - Statutory reserve represents the amount transferred from profit after tax of the subsidiaries incorporated in the People's Republic of China ("PRC") (excluding Hong Kong) in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount towards setting off any accumulated losses or increasing capital.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**OTHER RESERVE**– The negative balance in other reserve represents the net excess of purchase consideration over the carrying amount of non-controlling interests acquired in the subsidiaries at the date of acquisition.

**REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable.

### Sale of properties developed

Revenue from properties developed for sale is recognised when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances from buyers for sales of properties and are classified as current liabilities.

### Rendering of services

Management fee income and service income are recognised over the period when services are rendered.

### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

### Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

**GOVERNMENT SUBSIDIES** - Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the subsidies will be received. Government subsidies are recognised as income over the periods necessary to match them with the related costs. Government subsidies related to expense items are recognised in the same period as those expenses are charged to the profit or loss and are reported separately as "other operating income".

**BORROWING COSTS** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged as expense when incurred.

**EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The presentation currency for the consolidated financial statements of the Group and the statement of financial position of the Company is RMB.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the entities in the Group which do not have RMB as the functional currency (including comparatives) are expressed in RMB using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve.

**CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS** - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at bank and fixed deposits and are subject to an insignificant risk of changes in value.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Taxation

The Group accounts for income taxes under the provisions of FRS 12 *Income Taxes*. The Group has recorded deferred tax assets on tax losses of RMB1.083 billion (2013 : RMB520 million) because the management believes it is more likely than not that such tax losses can be utilised (Note 15). Should future taxable profits not be sufficient to utilise the tax losses, an adjustment to the Group's deferred tax assets would decrease the Group's income in the period where such determination is made. Likewise, if the management determines that the Group is able to utilise all or part of the Group's tax losses of RMB889 million (2013 : RMB460 million), which is currently not expected to be utilised in the future, it would result in future recognition of additional deferred tax assets and increase the Group's income after tax in the period where such determination is made. The Group records deferred tax at the rates that have been enacted by the end of the reporting period.

#### Land Appreciation Tax ("LAT")

Income from sale of properties in the PRC is subject to LAT at progressive rates under the PRC tax laws and regulations. The management estimates and provides for LAT in accordance with the PRC tax laws and regulations. The management has assessed and considers the provision of LAT as at the end of the reporting period to be adequate.

#### Classification of properties for development and properties under development for sale

The classification of properties for development and properties under development for sale is dependent on the management's judgement, taking into consideration the actual and projected development schedules of the property development projects. As at December 31, 2014, the carrying amounts of properties for development and properties under development for sale are RMB8.958 billion (2013 : RMB9.960 billion) and RMB32.117 billion (2013 : RMB28.641 billion) respectively. Management considers the classification between properties for development and properties under development for sale to be appropriate after taking into consideration the development status of the projects as well as the viability of the planned development schedules.

#### Control over entities for which the Group does not have more than 50% ownership interest and voting rights

Note 10 describes that the following entities: a) Yanlord Ho Bee Investments Pte. Ltd.; b) Shanghai Renpin Property Development Co., Ltd.; c) Tangshan Yanlord Property Management Co., Ltd.; and d) Yanlord Ho Bee Property Development (Tangshan) Co., Ltd. are subsidiaries of the Group even though the Group has only a 50% ownership interest and voting rights in each of these entities.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

### Control over entities for which the Group does not have more than 50% ownership interest and voting rights (Cont'd)

The management of the Company assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally. In making their judgement, the management considered the Group's rights arising from the contractual arrangements. After assessment, the management concluded that the Group has a sufficiently dominant voting interest and power to direct the relevant activities of these entities and therefore the Group has control over these entities.

### Classification of Singapore Intelligent Eco Island Development Pte. Ltd. as joint venture

Singapore Intelligent Eco Island Development Pte. Ltd. is a Singapore-incorporated company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Singapore Intelligent Eco Island Development Pte. Ltd. is classified as a joint venture of the Group.

### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### Carrying amounts of properties for development, completed properties for sale and properties under development for sale

The aggregate carrying amount of these properties totalled RMB46.296 billion as at December 31, 2014 (2013 : RMB42.926 billion), details of which are disclosed in Note 9. They are stated at cost less allowance for impairment in value or at the lower of cost and net realisable values, assessed on an individual project basis.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

### Valuation of investment properties

As disclosed in Note 8, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair values, the valuer has made reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of the existing and reversionary rental income potential.

The estimated value from capitalisation of the existing and reversionary rental income potential is used as an estimate of fair value, and the estimate is dependent on several variable parameters and projections including projected rental income, occupancy, rental yield, discount rate and terminal yield.

Any change in the variable parameters and projections will result in change in fair value estimate for the investment properties which can potentially be significant.

In relying on the independent professional valuation report, management considered the method of valuation and the Group's marketing strategy and is of the view that the estimated values are reasonable.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
<b>Financial assets</b>				
Fair value through profit or loss:				
Held-for-trading investment	13,610	11,056	–	–
Derivative financial instruments:				
In designated hedge accounting relationships	1,426	20,402	–	–
Loans and receivables (including cash and cash equivalents)	7,855,371	7,833,872	12,546,363	12,792,560
<b>Financial liabilities</b>				
Amortised cost	26,097,656	23,250,314	8,334,669	8,342,471

### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

#### Financial assets

Type of financial asset	Gross amounts of recognised financial assets RMB'000	Gross amounts of recognised financial liabilities set off in the statement of financial position RMB'000	Net amounts of financial assets presented in the statement of financial position RMB'000
<b>GROUP</b>			
<b>2014</b>			
Non-trade amounts due from non-controlling shareholders of subsidiaries	1,212,899	(489,656)	723,243
<b>2013</b>			
Non-trade amounts due from non-controlling shareholders of subsidiaries	1,023,946	(489,199)	534,747



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (Cont'd)

#### Financial liabilities

Type of financial liability	Gross amounts of recognised financial liabilities RMB'000	Gross amounts of recognised financial assets set off in the statement of financial position RMB'000	Net amounts of financial liabilities presented in the statement of financial position RMB'000
<b>GROUP</b>			
<b>2014</b>			
Non-trade amounts due to non-controlling shareholders of subsidiaries	699,489	(489,656)	209,833
<b>2013</b>			
Non-trade amounts due to non-controlling shareholders of subsidiaries	662,626	(489,199)	173,427

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Group does not have any related amounts subject to enforceable master netting arrangements and similar arrangements which have not been set off in the statement of financial position.

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

### (c) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign exchange risk, interest rate risk, equity price risk), credit risk and liquidity risk.

The Group uses derivative financial instruments to manage its exposure to foreign currency risk relating to its foreign currency denominated senior notes.

The Group does not hold or issue derivative financial instruments for speculative purposes.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

#### (i) Foreign exchange risk management

The Group enters into transactions in various foreign currencies, including the United States ("US") dollar, Hong Kong ("HK") dollar, Singapore ("SG") dollar and Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
US dollar	<b>3,177,325</b>	6,425,705	<b>468,520</b>	681,837	<b>2,488,441</b>	5,723,702	<b>765</b>	114
HK dollar	<b>25,310</b>	979,990	<b>39,684</b>	49,158	–	35,047	<b>121</b>	39
SG dollar	<b>12,658,667</b>	12,997,403	<b>3,683,338</b>	725,480	–	–	–	–
RMB	<b>2,202,619</b>	3,101,627	<b>235,062</b>	1,328,095	–	1,114,550	<b>168</b>	4,229

Further details on the derivative financial instruments are found in Note 16 to the financial statements.

#### *Foreign currency sensitivity*

The following table details the sensitivity to a 3% increase in the exchange rate of the functional currency of each entity of the Group against the relevant foreign currencies. 3% is the sensitivity rate used by key management personnel in assessing foreign currency risk and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans, cash and cash equivalents, held-for-trading investment, as well as intercompany loans within the Group where they gave rise to an impact on the Group's profit or loss and / or other equity. A positive number below indicates an increase in profit before income tax and other equity when the functional currency of each Group entity strengthens by 3% against the relevant foreign currencies.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (i) Foreign exchange risk management (Cont'd)

##### Foreign currency sensitivity (Cont'd)

For a 3% weakening of the functional currency of each Group entity against the relevant foreign currencies, there would be an equal and opposite impact on the profit before income tax and other equity.

	US dollar impact		HK dollar impact		SG dollar impact		RMB impact	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
<b>GROUP</b>								
Increase (Decrease) in profit before income tax <sup>(1)</sup>	<b>78,897</b>	125,933	<b>(419)</b>	27,252	<b>3,274</b>	5,845	<b>(6,507)</b>	(5,093)
Increase (Decrease) in other equity	-	41,364	-	(140)	<b>258,143</b>	351,590	<b>5,988</b>	(793)
<b>COMPANY</b>								
Increase (Decrease) in profit before income tax	<b>72,457</b>	166,706	<b>(4)</b>	1,020	-	-	<b>(5)</b>	32,339

<sup>(1)</sup> Excludes the foreign currency impact on RMB denominated senior notes due in 2016 as a result of the effects of adopting hedge accounting.

The Group's sensitivity to US dollar exchange rate has decreased during the current year mainly due to the decrease in US dollar denominated senior notes and intercompany payables at the current year end as compared with the preceding year end. The Group's sensitivity to HK dollar exchange rate has decreased during the current year mainly due to the decrease in HK dollar denominated bank loan at the current year end as compared with the preceding year end. The Group's sensitivity to SG dollar exchange rate has decreased during the current year due to the decrease in SG dollar denominated net liabilities at the current year end as compared with the preceding year end. The Group's sensitivity to RMB exchange rate has increased during the current year due to the increase in RMB denominated net liabilities at the current year end as compared with the preceding year end.

The Company's sensitivity to US dollar exchange rate has decreased during the current year due to the decrease in US dollar denominated senior notes and non-trade amount due to a subsidiary at the current year end as compared with the preceding year end. The Company's sensitivity to HK dollar exchange rate has decreased during the current year due to the decrease in HK dollar denominated non-trade amount due to ultimate holding company at the current year end as compared with the preceding year end. The Company's sensitivity to RMB exchange rate has decreased during the current year due to the decrease in RMB denominated non-trade amount due to a subsidiary at the current year end as compared with the preceding year end.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note. The Group's policy is to obtain fixed rate borrowings to reduce volatility. However, it may borrow at variable rates when considered economical to do so.

#### *Interest rate sensitivity*

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when assessing interest rate risk and represents the management's assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- Profit before income tax for the year ended December 31, 2014 would decrease / increase respectively by RMB136 million (2013 : decrease / increase respectively by RMB109 million). The Group's sensitivity to interest rates has increased during the current year due to the increase in the carrying amount of variable rate debt instruments.
- It is the Group's accounting policy to capitalise borrowing costs relevant to property development. Hence, the above mentioned interest rate fluctuation may not fully impact the profit in the year where interest expense is incurred and capitalised but may affect profit in future financial years.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit before income tax for the year ended December 31, 2014 would decrease / increase respectively by RMB3 million (2013 : decrease / increase respectively by RMB4 million). The Company's sensitivity to interest rates has decreased during the current year due to the decrease in variable rate debt instruments.

#### (iii) Equity price risk management

The Group is exposed to equity price risk arising from equity investment classified as held-for-trading.

Further details of equity investments can be found in Note 18 to the financial statements.

The management is of the view that the equity price risk is not significant for the Group due to the relatively small amount of such investments carried. Hence no price sensitivity analysis is presented.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (iv) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. For sales of properties, sales proceeds are fully settled concurrent with delivery of properties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for non-trade amounts due from non-controlling shareholders of subsidiaries. Part of the amounts due from non-controlling interests are covered by undistributed retained earnings of the subsidiary yet to be distributed as dividends and future earnings that are expected to be distributed by the subsidiary to the non-controlling shareholders (Note 13). Information on credit risk relating to other receivables are disclosed in Note 17. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group's maximum exposure to credit risk comprise (i) the sum of the carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses; and (ii) credit risk relating to guarantees of approximately RMB2.531 billion (2013 : RMB1.565 billion) to banks for the benefit of the Group's customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties, as elaborated in Note 37 to the financial statements.

#### (v) Liquidity risk management

The Group maintains cash and cash equivalents, obtains external bank loans and issues convertible notes and senior notes with staggered repayment dates. The Group also minimises liquidity risk by keeping committed credit lines available. At December 31, 2014, the Group had available RMB10.181 billion (2013 : RMB9.915 billion) of undrawn committed bank credit facilities in respect of which all precedent conditions had been met.

In managing liquidity risk, the management prepares cash flow forecasts using various assumptions and monitors the cash flows of the Group.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (v) Liquidity risk management (Cont'd)

*Liquidity and interest risk analyses*

#### Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
<b>GROUP</b>							
<b>2014</b>							
Non-interest bearing		6,271,495	20,000	–	–	–	6,291,495
Variable interest rate instruments	6.3	2,191,266	5,427,555	5,054,882	2,081,954	(2,268,378)	12,487,279
Fixed interest rate instruments	8.1	536,823	3,087,018	5,207,209	–	(1,512,168)	7,318,882
Total		8,999,584	8,534,573	10,262,091	2,081,954	(3,780,546)	26,097,656
<b>2013</b>							
Non-interest bearing		5,788,605	20,000	–	–	–	5,808,605
Variable interest rate instruments	6.4	3,598,046	2,419,935	4,592,651	2,407,216	(2,098,057)	10,919,791
Fixed interest rate instruments	9.4	936,317	577,403	7,111,347	–	(2,103,149)	6,521,918
Total		10,322,968	3,017,338	11,703,998	2,407,216	(4,201,206)	23,250,314

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (v) Liquidity risk management (Cont'd)

*Liquidity and interest risk analyses (Cont'd)*

Non-derivative financial liabilities (Cont'd)

In 2014, the maximum amount that the Group could be obliged to settle under the financial guarantee contracts related to bank loans of buyers is RMB2.531 billion (2013 : RMB1.565 billion) (Note 37). The earliest period that the guarantees could be called is within 1 year (2013 : 1 year) from the end of the reporting period. As mentioned in Note 37, the management considers that the likelihood of these guarantees being called upon is low.

In 2014, the maximum contingent amount that the Company could be obliged to settle under the financial guarantee contracts related to senior notes issued by a subsidiary, loan facilities granted to subsidiaries and an interest-free current advance to a subsidiary is RMB6.911 billion (2013 : RMB5.926 billion) (Note 37). Out of the maximum contingent amount of RMB6.911 billion (2013 : RMB5.926 billion), RMB5.005 billion (2013 : RMB3.842 billion) is jointly guaranteed by the Company and five of its subsidiaries. The earliest period that the guarantees could be called is within 1 year (2013 : 1 year) from the end of the reporting period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	Adjustments RMB'000	Total RMB'000
<b><u>COMPANY</u></b>						
<b>2014</b>						
Non-interest bearing		3,787,851	–	–	–	3,787,851
Variable interest rate instruments	5.5	15,481	303,753	–	(30,909)	288,325
Fixed interest rate instruments	9.3	396,040	396,040	4,619,628	(1,153,215)	4,258,493
Total		4,199,372	699,793	4,619,628	(1,184,124)	8,334,669
<b>2013</b>						
Non-interest bearing		3,381,118	–	–	–	3,381,118
Variable interest rate instruments	5.3	134,533	12,450	340,613	(62,304)	425,292
Fixed interest rate instruments	10.9	807,249	458,868	5,088,342	(1,818,398)	4,536,061
Total		4,322,900	471,318	5,428,955	(1,880,702)	8,342,471



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (v) Liquidity risk management (Cont'd)

*Liquidity and interest risk analyses (Cont'd)*

#### Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flows will occur in a different period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
<b>GROUP</b>							
<b>2014</b>							
Non-interest bearing		6,285,719	304,876	–	28,388	–	6,618,983
Fixed interest rate instruments	4.3	1,102,646	–	–	298,168	(150,816)	1,249,998
Total		7,388,365	304,876	–	326,556	(150,816)	7,868,981
<b>2013</b>							
Non-interest bearing		6,280,867	4,367	–	–	–	6,285,234
Variable interest rate instruments	6.0	99,754	–	–	–	(5,646)	94,108
Fixed interest rate instruments	2.4	1,337,078	173,096	–	–	(44,588)	1,465,586
Total		7,717,699	177,463	–	–	(50,234)	7,844,928

In 2014 and 2013, the Company's non-derivative financial assets are mainly non-interest bearing with expected maturity within a year.

#### Derivative financial instruments

The Group's derivative financial instruments comprise of cross currency swaps (Note 16) amounting to RMB1 million (2013 : RMB20 million) with contracted cash flows due more than 2 years to 5 years.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

#### (vi) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

#### ***Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis***

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014 RMB'000	2013 RMB'000				
<b>GROUP</b>						
Held-for-trading investment	<b>13,610</b>	11,056	Level 1	Quoted bid prices in an active market	N/A	N/A
Cross currency swaps	<b>1,426</b>	20,402	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A

The Company had no financial assets or liabilities carried at fair value in 2014 and 2013.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

(vi) Fair value of financial assets and financial liabilities (Cont'd)

***Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)***

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values:

	2014		2013	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
<b><u>GROUP</u></b>				
<b>Financial Liabilities</b>				
Convertible notes	–	–	326,261	325,452
Senior notes	<b>6,243,882</b>	<b>6,380,666</b>	6,185,391	6,592,426
<b><u>COMPANY</u></b>				
<b>Financial Liabilities</b>				
Convertible notes	–	–	326,261	325,452
Senior notes	<b>4,258,493</b>	<b>4,435,666</b>	4,209,800	4,619,926

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (c) Financial risk management policies and objectives (Cont'd)

(vi) Fair value of financial assets and financial liabilities (Cont'd)

	Fair value hierarchy			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>GROUP</b>				
<b>2014</b>				
<b>Financial Liabilities</b>				
Senior notes	–	6,380,666	–	6,380,666
<b>2013</b>				
<b>Financial Liabilities</b>				
Convertible notes	–	325,452	–	325,452
Senior notes	–	6,592,426	–	6,592,426
<b>COMPANY</b>				
<b>2014</b>				
<b>Financial Liabilities</b>				
Senior notes	–	4,435,666	–	4,435,666
<b>2013</b>				
<b>Financial Liabilities</b>				
Convertible notes	–	325,452	–	325,452
Senior notes	–	4,619,926	–	4,619,926

### (d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as total debt less cash and cash equivalents divided by equity. Total debt include bank loans, convertible notes, senior notes and certain non-trade amounts due to a non-controlling shareholder of a subsidiary and ultimate holding company. Equity for this purpose comprises equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits, as well as non-controlling interests as shown in the consolidated statement of financial position.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

### (d) Capital risk management policies and objectives (Cont'd)

The net debt to equity ratios as at December 31, 2014 and 2013 were as follows:

	GROUP	
	2014 RMB'000	2013 RMB'000
Total debt	<b>19,896,722</b>	17,531,943
Cash and cash equivalents	<b>(6,590,084)</b>	(7,082,045)
Net debt	<b>13,306,638</b>	10,449,898
Equity	<b>29,373,241</b>	27,858,377
Net debt to equity ratio	<b>45.3%</b>	37.5%

The Group's overall strategy remains unchanged from 2013. In addition, the Group also specifically monitors the financial ratios of its debt covenants stated in the agreements in respect of senior notes issued by the Company and its subsidiary and borrowings with the financial institutions providing the facilities to the Group.

## 5 ULTIMATE HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Yanlord Holdings Pte. Ltd., incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group and the Company entered into the following transactions with its ultimate holding company:

	GROUP AND COMPANY	
	2014 RMB'000	2013 RMB'000
Interest expense to ultimate holding company (Note 29)	<b>3,462</b>	3,429

Non-trade amount due to ultimate holding company as at December 31, 2013 was unsecured, repayable on demand and bore floating interest rate of SIBOR plus 1.5% per annum.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties:

	GROUP	
	2014 RMB'000	2013 RMB'000
Sale of properties to key management personnel and close members of their families	<b>(13,971)</b>	(13,494)
Other income from joint ventures	<b>(3,588)</b>	(2,667)
Rental expenses to a director and a company in which the director has control over	<b>9,222</b>	9,288

At the end of the reporting period, the Group has outstanding commitments of RMB22 million (2013 : RMB12 million) to a director and a company in which the director has control over, under non-cancellable operating leases in respect of land and buildings for its office premises and staff accommodation. The Group has contracted with a joint venture for future minimum lease receipts of RMB2 million (2013 : RMB2 million).

At the end of the reporting period, the Group has pre-sales of properties totaling RMB17 million (2013 : RMB10 million) to key management and close members of their families. As at December 31, 2014, advances amounting to RMB2 million (2013 : RMB0.5 million) have been received from key management and close members of their families in relation to the pre-sales of properties.

As at December 31, 2014, a bank loan of the Company amounting to RMB288 million (2013 : RMB293 million) drawn for general working capital of the Group is secured by a legal charge extended by the Company's ultimate holding company and a personal guarantee from a director.

### ***Compensation of directors and key management personnel***

The remuneration of directors and other members of key management during the year was as follows:

	GROUP	
	2014 RMB'000	2013 RMB'000
Short-term benefits	<b>51,999</b>	51,780
Post-employment benefits	<b>799</b>	711
	<b>52,798</b>	52,491

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction- in-progress RMB'000	Total RMB'000
<b>GROUP</b>					
Cost:					
At January 1, 2013	183,622	76,424	128,820	364,569	753,435
Additions	1,021	11,567	13,096	184,040	209,724
Acquisition of a subsidiary	–	–	107	–	107
Reclassification	488	–	456	(944)	–
Disposals	(11,847)	(6,365)	(792)	–	(19,004)
Exchange difference	–	(12)	(14)	–	(26)
At December 31, 2013	173,284	81,614	141,673	547,665	944,236
Additions	56,130	9,826	11,346	185,331	262,633
Transfer from completed properties for sale	23,055	–	–	–	23,055
Transfer from properties under development for sale	56,648	–	–	–	56,648
Disposals	–	(11,018)	(1,279)	–	(12,297)
Exchange difference	–	1	1	–	2
At December 31, 2014	309,117	80,423	151,741	732,996	1,274,277
Accumulated depreciation:					
At January 1, 2013	36,617	51,875	70,741	–	159,233
Depreciation for the year	6,339	8,509	22,645	–	37,493
Acquisition of a subsidiary	–	–	24	–	24
Eliminated on disposals	(3,810)	(5,991)	(26)	–	(9,827)
Exchange difference	–	(13)	(8)	–	(21)
At December 31, 2013	39,146	54,380	93,376	–	186,902
Depreciation for the year	6,607	8,997	17,217	–	32,821
Eliminated on disposals	–	(9,384)	(1,137)	–	(10,521)
Exchange difference	–	1	1	–	2
At December 31, 2014	45,753	53,994	109,457	–	209,204
Carrying amount:					
At end of year	263,364	26,429	42,284	732,996	1,065,073
At beginning of year	134,138	27,234	48,297	547,665	757,334

In 2014, depreciation for the year includes an amount of RMB2 million (2013 : RMB2 million) capitalised in the Group's properties for development and properties under development for sale. The carrying amount of construction-in-progress pledged to banks to secure bank loans is disclosed in Note 22.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 8 INVESTMENT PROPERTIES

	GROUP	
	2014 RMB'000	2013 RMB'000
At fair value:		
Balance as at beginning of year	<b>8,764,770</b>	7,975,200
Additions	<b>226,763</b>	139,127
Transfer from properties under development for sale	<b>270,228</b>	97,319
Change in fair value (Notes 28 and 31)	<b>991,491</b>	572,058
Disposals	<b>(9,002)</b>	(18,934)
Balance as at end of year	<b>10,244,250</b>	8,764,770

The fair value of the investment properties at December 31, 2014 and 2013 have been determined on the basis of valuations carried out at the respective year end dates by an independent valuer having recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the direct comparison approach that reflects recent transaction prices or current asking prices for similar properties, the income capitalisation approach where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighborhood and the residual approach whereby the fair value is determined by taking into consideration the projected total development value, costs incurred, expected cost to completion and developer's profit. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Group's investment properties and information about the fair value hierarchy as at December 31, 2014 and 2013 are as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value as at December 31 RMB'000
<b>GROUP</b>				
<b>2014</b>				
Investment properties located in the PRC	–	–	10,244,250	10,244,250
<b>2013</b>				
Investment properties located in the PRC	–	–	8,764,770	8,764,770

There were no transfers between the respective levels during the year.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 8 INVESTMENT PROPERTIES (Cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31 RMB'000	Valuation technique(s)	Significant unobservable input(s)	Range
<b>2014</b>				
Completed investment properties	7,946,800	Direct comparison approach	price per square meter <sup>(1)</sup>	RMB8,270 - RMB41,060
		Income capitalisation approach	market rent per square meter per month <sup>(1)</sup>	RMB98 - RMB463
			capitalisation rate <sup>(2)</sup>	5.8% - 11.5%
Car parking spaces	438,050	Direct comparison approach	price per unit <sup>(1)</sup>	RMB63,300 - RMB236,000
Investment properties under construction	1,859,400	Residual approach	price per square meter <sup>(1)</sup>	RMB23,212 - RMB38,395
<b>2013</b>				
Completed investment properties	7,223,270	Direct comparison approach	price per square meter <sup>(1)</sup>	RMB8,600 - RMB37,500
		Income capitalisation approach	market rent per square meter per month <sup>(1)</sup>	RMB44 - RMB270
			capitalisation rate <sup>(2)</sup>	5.5% - 9.5%
Car parking spaces	409,200	Direct comparison approach	price per unit <sup>(1)</sup>	RMB62,000 - RMB230,000
Investment properties under construction	1,132,300	Residual approach	price per square meter <sup>(1)</sup>	RMB26,830 - RMB40,600

<sup>(1)</sup> Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

<sup>(2)</sup> Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

The carrying amounts of investment properties pledged to banks to secure the bank loans granted to the Group are disclosed in Note 22.

The rental income earned by the Group from its investment properties amounted to RMB412 million (2013 : RMB427 million). Direct operating expenses arising on the investment properties in the year amounted to RMB4 million (2013 : RMB4 million).

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 9 PROPERTIES FOR DEVELOPMENT / COMPLETED PROPERTIES FOR SALE / PROPERTIES UNDER DEVELOPMENT FOR SALE

	GROUP	
	2014 RMB'000	2013 RMB'000
At cost:		
Properties for development (Non-current assets)	<b>8,958,369</b>	9,960,451
Completed properties for sale (Current assets)	<b>5,221,147</b>	4,324,410
Properties under development for sale (Current assets)	<b>32,116,714</b>	28,640,895
	<b>46,296,230</b>	42,925,756

Properties for development, completed properties for sale and properties under development for sale are located in the PRC.

Up to the end of the reporting period, total interest capitalised is as follows:

	GROUP	
	2014 RMB'000	2013 RMB'000
Properties for development	<b>292,764</b>	344,211
Completed properties for sale	<b>395,019</b>	333,580
Properties under development for sale	<b>2,288,486</b>	1,770,923

The carrying amounts of properties pledged to banks to secure bank loans granted to the Group are disclosed in Note 22.

## 10 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2014 RMB'000	2013 RMB'000
Unquoted equity shares, at cost	<b>2,390,874</b>	2,465,544

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the Company's significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2014 %	2013 %	
<u>Held by the Company</u>				
Yanlord Commercial Property Investments Pte. Ltd. <sup>(a)</sup> 仁恒商业地产投资有限公司	Singapore	100	100	Investment holding
Yanlord Land Pte. Ltd. <sup>(a)</sup> 仁恒置地有限公司	Singapore	100	100	Investment holding
Yanlord Land (HK) Co., Ltd. <sup>(b)</sup> 仁恒地产(香港)有限公司	Hong Kong	100	100	Management service
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Palovale Pte Ltd <sup>(a)</sup> 柏龙威有限公司	Singapore	67	67	Investment holding
Yanlord Ho Bee Investments Pte. Ltd. <sup>(1) (a)</sup> 仁恒和美投资有限公司	Singapore	50	50	Investment holding
Yanlord Property Pte. Ltd. <sup>(a)</sup> 仁恒地产有限公司	Singapore	60	60	Investment holding
Yanlord Real Estate Pte. Ltd. <sup>(a)</sup> 仁恒置业发展有限公司	Singapore	95	95	Investment holding
East Hero Investment Ltd. <sup>(b)</sup> 东亨投资有限公司	Hong Kong	100	100	Investment holding
Successful Global Consultancy Co., Ltd. <sup>(2) (b)</sup> 成顺环球咨询有限公司	Hong Kong	100	100	Management service
Chengdu Everrising Asset Management Co., Ltd. <sup>(b)</sup> 成都市恒业东升资产经营管理有限公司	PRC	51	51	Property development and investment
Chengdu Yanlord Investment Management Co., Ltd. <sup>(b)</sup> 成都仁恒投资管理有限公司	PRC	100	100	Management service and investment

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2014 %	2013 %	
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Chengdu Yanlord Property Management Co., Ltd. <sup>(b)</sup> 成都仁恒物业管理有限公司	PRC	100	100	Property management
Xinfu Trade (Chengdu) Co., Ltd. <sup>(3)(b)</sup> 信富商贸(成都)有限公司	PRC	100	–	Investment holding
Yanlord Hotel Management (Chengdu) Co., Ltd. <sup>(b)</sup> 仁恒酒店管理(成都)有限公司	PRC	100	100	Hotel and serviced apartment management
Yanlord Land (Chengdu) Co., Ltd. <sup>(b)</sup> 仁恒置地(成都)有限公司	PRC	100	100	Property development
Yanlord Real Estate (Chengdu) Co., Ltd. <sup>(b)</sup> 仁恒置业(成都)有限公司	PRC	70	70	Property development and management
Guiyang Yanlord Property Management Co., Ltd. <sup>(b)</sup> 贵阳仁恒物业管理有限公司	PRC	100	100	Property management
Sino-Singapore Yanlord (Haimen) Yangtze Eco Hi-Tech City Co., Ltd. <sup>(3)(b)</sup> 中新仁恒(海门)长江生态科技城有限公司	PRC	55	–	Investment holding
Sino-Singapore Yanlord Haimen Yangtze Eco Hi-Tech City Investment and Development Co., Ltd. <sup>(3)(b)</sup> 中新仁恒海门长江生态科技城投资发展有限公司	PRC	55	–	Property development
Lhasa Xinfu Trading Co., Ltd. <sup>(3)(b)</sup> 拉萨信富商贸有限公司	PRC	100	–	Trading of building materials and hardware
Nanjing Renyuan Investment Co., Ltd. <sup>(b)</sup> 南京仁远投资有限公司	PRC	100	100	Management service and investment
Nanjing Yanlord Commercial Management Co., Ltd. <sup>(3)(b)</sup> 南京仁恒商业管理有限公司	PRC	60	–	Property development and investment
Nanjing Yanlord Hotel Management Co., Ltd. <sup>(b)</sup> 南京仁恒酒店管理有限公司	PRC	100	100	Hotel and serviced apartment management



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2014 %	2013 %	
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Nanjing Yanlord Jiangzhou Property Development Co., Ltd. <sup>(b)</sup> 南京仁恒江洲房地产开发有限公司	PRC	100	100	Property development and management
Nanjing Yanlord Property Management Co., Ltd. <sup>(b)</sup> 南京仁恒物业管理有限公司	PRC	100	100	Property management
Nanjing Yanlord Real Estate Co., Ltd. <sup>(b)</sup> 南京仁恒置业有限公司	PRC	60	60	Property development
Nanjing Yanlord Tourism Development Co., Ltd. <sup>(b)</sup> 南京仁恒旅游发展有限公司	PRC	100	100	Tourism investment and asset management
Nanjing Yu Dian Landscape Development Co., Ltd. <sup>(4) (b)</sup> 南京御典园林发展有限公司	PRC	100	100	Landscaping and gardening
Yanlord Investment (Nanjing) Co., Ltd. <sup>(b)</sup> 仁恒投资(南京)有限公司	PRC	100	100	Investment holding
Shenzhen Long Wei Xin Investment Co., Ltd. <sup>(b)</sup> 深圳市龙威信投资实业有限公司	PRC	75	75	Property development
Shenzhen Yanlord Property Management Co., Ltd. <sup>(b)</sup> 深圳市仁恒物业管理有限公司	PRC	100	100	Property management
Yanlord Land (Shenzhen) Co., Ltd. <sup>(b)</sup> 仁恒置地(深圳)有限公司	PRC	100	100	Property development and management
Shanghai Hong Ming Ge Food & Beverage Service Management Co., Ltd. <sup>(b)</sup> 上海宏名阁餐饮服务管理有限公司	PRC	60	60	Restaurant operation
Shanghai Pudong New District Private Yanlord Kindergarten <sup>(5) (b)</sup> 上海市浦东新区民办仁恒幼儿园	PRC	50	50	Kindergarten operation
Shanghai Renjie Hebin Garden Property Co., Ltd. <sup>(b)</sup> 上海仁杰河滨园房地产有限公司	PRC	51	51	Property development

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2014 %	2013 %	
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Shanghai Renpin Property Development Co., Ltd. <sup>(1)(b)</sup> 上海仁品房地产开发有限公司	PRC	<b>50</b>	50	Property development and management
Shanghai Yanlord Elevator Co., Ltd. <sup>(b)</sup> 上海仁恒电梯有限公司	PRC	<b>100</b>	100	Sale, installation, repair and maintenance of elevators
Shanghai Yanlord Gaoqiao Property Co., Ltd. <sup>(5)(b)</sup> 上海仁恒高乔房地产有限公司	PRC	<b>50</b>	50	Property development
Shanghai Gusheng Construction Intelligent Engineering Co., Ltd. <sup>(b)</sup> 上海固盛建筑智能化工程有限公司	PRC	<b>60</b>	60	Construction engineering
Shanghai Yanlord Hongqiao Property Co., Ltd. <sup>(b)</sup> 上海仁恒虹桥房地产有限公司	PRC	<b>60</b>	60	Property development and management
Shanghai Yanlord Investment Management Co., Ltd. <sup>(b)</sup> 上海仁恒投资管理有限公司	PRC	<b>100</b>	100	Management service and investment
Shanghai Yanlord Property Co., Ltd. <sup>(b)</sup> 上海仁恒房地产有限公司	PRC	<b>67</b>	67	Property development
Shanghai Yanlord Property Management Co., Ltd. <sup>(b)</sup> 上海仁恒物业管理有限公司	PRC	<b>67</b>	67	Property management
Shanghai Yanlord Real Estate Co., Ltd. <sup>(b)</sup> 上海仁恒置业发展有限公司	PRC	<b>57</b>	57	Property development
Shanghai Yanlord Senlan Real Estate Co., Ltd. <sup>(b)</sup> 上海仁恒森兰置业有限公司	PRC	<b>60</b>	60	Property development
Shanghai Yanlord Xing Tang Real Estate Co., Ltd. <sup>(b)</sup> 上海仁恒兴唐置业有限公司	PRC	<b>100</b>	100	Property development and management
Shanghai Yanlord Yangpu Property Co., Ltd. <sup>(b)</sup> 上海仁恒杨浦房地产有限公司	PRC	<b>100</b>	100	Property development

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2014 %	2013 %	
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Shanghai Zhongting Property Development Co., Ltd. <sup>(b)</sup> 上海中庭房地产开发有限公司	PRC	100	100	Property development
Yanlord Equity Investment Management (Shanghai) Co., Ltd. <sup>(3) (b)</sup> 仁恒股权投资管理(上海)有限公司	PRC	100	–	Investment management
Yanlord Land Investment Management (Shanghai) Co., Ltd. <sup>(b)</sup> 仁恒置地投资管理(上海)有限公司	PRC	100	100	Management service
Sanya Yanlord Real Estate Co., Ltd. <sup>(b)</sup> 三亚仁恒置业有限公司	PRC	100	100	Property development and management
Suzhou Yinghan Property Development Co., Ltd. <sup>(b)</sup> 苏州鹰汉房地产开发有限公司	PRC	100	100	Property development
Suzhou Zhonghui Property Development Co., Ltd. <sup>(b)</sup> 苏州中辉房地产开发有限公司	PRC	100	100	Property development
Yanlord Property Development (Suzhou) Co., Ltd. <sup>(3) (b)</sup> 仁恒置业(苏州)有限公司	PRC	100	–	Property development and management
Yanlord Property (Suzhou) Co., Ltd. <sup>(b)</sup> 仁恒地产(苏州)有限公司	PRC	60	60	Property development
Tangshan Yanlord Property Management Co., Ltd. <sup>(1) (b)</sup> 唐山仁恒物业服务有限公司	PRC	50	50	Property management
Yanlord Ho Bee Property Development (Tangshan) Co., Ltd. <sup>(1) (b)</sup> 仁恒和美房地产开发(唐山)有限公司	PRC	50	50	Property development and management
Tianjin Yanlord Beiyang Real Estate Co., Ltd. <sup>(b)</sup> 天津仁恒北洋置业有限公司	PRC	60	60	Property development and management
Tianjin Yanlord Garden Co., Ltd. <sup>(b)</sup> 天津仁恒园林有限公司	PRC	100	100	Landscaping and gardening

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2014 %	2013 %	
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Tianjin Yanlord Haihe Development Co., Ltd. <sup>(b)</sup> 天津仁恒海河开发有限公司	PRC	<b>80</b>	80	Property development
Tianjin Yanlord Property Management Co., Ltd. <sup>(b)</sup> 天津仁恒物业服务服务有限公司	PRC	<b>100</b>	100	Property management
Yanlord Development (Tianjin) Co., Ltd. <sup>(b)</sup> 仁恒发展(天津)有限公司	PRC	<b>100</b>	100	Property development
Zhuhai Yanlord Heyou Land Co., Ltd. <sup>(6) (b)</sup> 珠海仁恒和由置地有限公司	PRC	<b>57</b>	57	Property development and management
Zhuhai Yanlord Industrial Co., Ltd. <sup>(b)</sup> 珠海仁恒实业有限公司	PRC	<b>95</b>	95	Property development
Zhuhai Yanlord Property Management Co., Ltd. <sup>(b)</sup> 珠海仁恒物业管理有限公司	PRC	<b>90</b>	90	Property management
Zhuhai Yanlord Real Estate Development Co., Ltd. <sup>(b)</sup> 珠海仁恒置业发展有限公司	PRC	<b>90</b>	90	Property development
Zhuhai Yanlord Youmei Land Co., Ltd. <sup>(6) (b)</sup> 珠海仁恒由美置地有限公司	PRC	–	57	Property development and management

<sup>(1)</sup> Although the Group does not effectively own more than 50% of the equity shares of these entities, it has sufficiently dominant voting interest and power to direct the relevant activities of these entities and therefore the Group has control over these entities and hence regards these entities as subsidiaries.

<sup>(2)</sup> Formerly known as Singapore Yanlord Land (HK) Ltd. 新加坡仁恒地产(香港)有限公司.

<sup>(3)</sup> Incorporated during the year.

<sup>(4)</sup> Formerly known as Nanjing Yanlord Garden Co., Ltd. 南京仁恒园林有限公司.

<sup>(5)</sup> The proportion of ownership interest and voting power held by the Group is 50.2%.

<sup>(6)</sup> During the year, Zhuhai Yanlord Youmei Land Co., Ltd. was merged with Zhuhai Yanlord Heyou Land Co., Ltd. and the shareholding structure of Zhuhai Yanlord Heyou Land Co., Ltd. remained unchanged. Pursuant to the merger, Zhuhai Yanlord Youmei Land Co., Ltd. became dormant and was dissolved.

### Notes on auditors

<sup>(a)</sup> Audited by Deloitte & Touche LLP, Singapore.

<sup>(b)</sup> Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC for consolidation purposes.

Management has assessed and considers that there are no subsidiaries which have non-controlling interests that are material to the Group.



# NOTES TO FINANCIAL STATEMENTS

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## 11 INVESTMENT IN AN ASSOCIATE

	GROUP	
	2014 RMB'000	2013 RMB'000
Cost of investment in associate	2,441	2,441
Share of post-acquisition loss	(2,441)	(2,441)
	–	–
Non-trade amount due from an associate (Current assets) (Note 6)	366	354

Information of the Group's associate that is not individually material

The Group's share of the associate's loss from continuing operations and total comprehensive income for the year is zero as the Group discontinues recognising further losses when the Group's share of loss of the associate exceeds its interest in the associate. The Group's share of unrecognised losses of the associate for the financial year and the accumulated losses at the end of the reporting period amounted to RMB20,000 (2013 : RMB15,000) and RMB88,000 (2013 : RMB68,000) respectively. The aggregate carrying amount of the Group's interest in the associate as at December 31, 2014 and 2013 is RMB Nil.

## 12 INVESTMENTS IN JOINT VENTURES

	GROUP	
	2014 RMB'000	2013 RMB'000
Cost of investments in joint ventures	523,688	523,688
Share of post-acquisition profit	170,325	76,798
	694,013	600,486
Non-trade amounts due from joint ventures (Current assets) (Note 6)	–	230

Aggregate information of the Group's joint ventures that are not individually material

	GROUP	
	2014 RMB'000	2013 RMB'000
Group's share of profit from continuing operations, representing its share of total comprehensive income for the year	93,527	87,632
Aggregate carrying amount of the Group's interest in these joint ventures	694,013	600,486

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 13 NON-TRADE AMOUNTS DUE FROM / TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Amounts due from non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for the following:

- a) Amounts of RMB50 million and RMB30 million (2013 : RMB47 million and RMB28 million) which bear interest at 5.0% and 6.0% per annum respectively and are secured by the non-controlling shareholder's shares in a subsidiary and undistributed retained earnings of a subsidiary yet to be distributed as dividends to the non-controlling shareholder of that subsidiary.
- b) Amount of RMB182 million (2013 : RMB94 million) which bears interest at 10.6% per annum (2013 : 6.0% per annum), is secured by expected future earnings that will be distributed by a subsidiary to the non-controlling shareholders of that subsidiary and repayable over 5 years from the end of the reporting period.
- c) Amount of RMB29 million (2013 : RMB3 million) which is interest-free, secured by expected future earnings that will be distributed by a subsidiary to the non-controlling shareholders of that subsidiary and repayable over 5 years from the end of the reporting period.
- d) Amount of RMB154 million (2013 : RMB154 million) which bears interest at 6.2% per annum (2013 : 6.2% per annum), is unsecured and repayable within 1 year (2013 : 2 years) from the end of the reporting period.
- e) Amount of RMB14 million (2013 : RMB4 million) which is interest-free, unsecured and repayable within 1 year (2013 : 2 years) from the end of the reporting period.
- f) Amount of RMB100 million (2013 : RMB Nil) which bears interest at 7.0% per annum (2013 : Nil%), is unsecured and repayable on demand.

As at December 31, 2014, current amounts due to non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for an amount of RMB91 million (2013 : RMB90 million), which is guaranteed by the Company.

As at December 31, 2014 and December 31, 2013, non-current amount of RMB20 million due to a non-controlling shareholder of subsidiaries is interest-free, unsecured and has no fixed repayment terms. Management is of the view that the non-controlling shareholder of subsidiaries will not demand repayment of RMB20 million within 12 months from the end of the reporting period.

## 14 INTANGIBLE ASSET

	GROUP	
	2014 RMB'000	2013 RMB'000
Club membership	613	613

At December 31, 2014 and 2013, the management assessed the marketable value of the club membership and determined that it was in excess of its carrying amount.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 15 DEFERRED TAXATION

	GROUP	
	2014 RMB'000	2013 RMB'000
Deferred tax assets	370,340	219,707
Deferred tax liabilities	(1,648,103)	(1,363,647)
	<b>(1,277,763)</b>	<b>(1,143,940)</b>

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

	Revaluation of investment properties RMB'000	Accelerated tax depreciation and excess of tax deductible expenses RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Total RMB'000
<b>GROUP</b>					
At January 1, 2013	(1,042,609)	62,914	(117,639)	66,053	(1,031,281)
(Charge) Credit to profit or loss for the year (Note 30)	(185,579)	26,823	(86,187)	63,917	(181,026)
Transfer to income tax payable	–	–	68,367	–	68,367
Exchange difference	(138)	–	138	–	–
At December 31, 2013	(1,228,326)	89,737	(135,321)	129,970	(1,143,940)
(Charge) Credit to profit or loss for the year (Note 30)	(291,355)	9,822	(76,009)	140,811	(216,731)
Transfer to income tax payable	–	–	82,908	–	82,908
At December 31, 2014	(1,519,681)	99,559	(128,422)	270,781	(1,277,763)

Pursuant to PRC tax regulations, at the end of the reporting period, the Group has unutilised tax losses of RMB1.972 billion (2013 : RMB980 million) available for offset against future profits. A deferred tax asset of RMB271 million (2013 : RMB130 million) has been recognised in respect of RMB1.083 billion (2013 : RMB520 million) of such losses at the PRC tax rate of 25%. No deferred tax asset has been recognised in respect of the remaining RMB889 million (2013 : RMB460 million) due to the unpredictability of future profit streams. Tax losses may be carried forward for 5 years from the year after the losses are incurred, subject to the conditions imposed by law including the retention of majority shareholders as defined.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 16 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP	
	2014 RMB'000	2013 RMB'000
Cross currency swaps, designated in hedge accounting relationships	<b>1,426</b>	20,402

The Group uses cross currency swaps to hedge the foreign currency risks arising from the interest and principal payments of its RMB denominated senior notes. Contracts with nominal values of RMB2 billion have fixed interest payments denominated in US dollars at 4.325% per annum and fixed interest receipts denominated in RMB at 5.375% per annum.

All of the Group's cross currency swaps are designated and effective as cash flow hedges and the fair value loss of these cross currency swaps, amounting to RMB19 million (2013 : fair value gain of RMB20 million) has been recognised in other comprehensive income. Amount of RMB7 million (2013 : RMB16 million) has been reclassified from equity to profit or loss during the year.

The cross currency swaps settle on a semi-annual basis, with maturity on May 23, 2016. All cross currency swap contracts exchanging RMB denominated interest and principal payments for US dollar denominated interest and principal payments are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from the fluctuation of RMB against US dollar over the tenure of the senior notes. The cross currency swaps and the interest and principal payments on the senior notes occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the tenure of the senior notes.

## 17 OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Advances to suppliers	<b>13,208</b>	18,742	–	–
Deposits for projects	<b>130,711</b>	20,711	–	–
Staff loans	<b>8,903</b>	8,845	–	–
Prepayments	<b>42,933</b>	25,831	<b>1</b>	3
Business tax prepayment	<b>229,455</b>	198,895	–	–
Interest receivables	<b>11,526</b>	11,486	–	–
Payments for resettlement <sup>(1)</sup>	<b>304,876</b>	–	–	–
Other receivables	<b>146,851</b>	126,758	–	–
	<b>888,463</b>	411,268	<b>1</b>	3
Analysed as:				
Current	<b>583,587</b>	411,268	<b>1</b>	3
Non-current	<b>304,876</b>	–	–	–
	<b>888,463</b>	411,268	<b>1</b>	3

<sup>(1)</sup> This relates to payments for resettlement of deals for land parcels in Chengdu.

The management considers the credit risk on other receivables and deposits to be limited because the counterparties are government agents or third parties with long business relationships with the Group.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 18 HELD-FOR-TRADING INVESTMENT

	GROUP	
	2014 RMB'000	2013 RMB'000
Quoted equity security, at fair value	<b>13,610</b>	11,056

Held-for-trading investment presents the Group with opportunities for return through dividend income and fair value gains. This investment has no fixed maturity or coupon rate. The fair value of this security is based on the closing quoted market price on the last market day of the financial year.

## 19 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Pledged bank deposits	<b>29,842</b>	29,643	–	–
Cash on hand	<b>2,048</b>	2,004	<b>8</b>	–
Cash at bank	<b>5,883,095</b>	5,911,442	<b>3,527</b>	6,894
Fixed deposits	<b>704,941</b>	1,168,599	–	–
Cash and cash equivalents	<b>6,590,084</b>	7,082,045	<b>3,535</b>	6,894

Pledged bank deposits represent deposits pledged to banks to secure certain mortgage loans provided by banks to customers for the purchase of the Group's development properties and as securities for bank loans (Note 22).

## 20 SHARE CAPITAL

	GROUP AND COMPANY			
	2014 '000	2013 '000	2014 RMB'000	2013 RMB'000
	<b>Number of ordinary shares</b>			
Issued and paid up:				
At beginning and of year	<b>1,948,736</b>	1,948,736	<b>7,261,726</b>	7,261,726

Fully paid up ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 21 HEDGING RESERVE

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss.

Movement in hedging reserve:

	GROUP	
	2014 RMB'000	2013 RMB'000
At January 1	4,778	–
Change in fair value of cross currency swaps	(18,976)	20,402
Reclassification to profit or loss	7,104	(15,624)
At December 31	(7,094)	4,778

## 22 BANK LOANS

	GROUP		COMPANY	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
The bank loans are repayable as follows:				
On demand or within one year	2,081,398	3,262,391	14,674	–
More than one year but not exceeding two years	5,386,759	2,141,535	273,651	10,940
More than two years but not exceeding five years	4,660,397	3,803,298	–	282,198
More than five years	1,433,725	1,590,679	–	–
	13,562,279	10,797,903	288,325	293,138
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,081,398)	(3,262,391)	(14,674)	–
Amount due for settlement after 12 months	11,480,881	7,535,512	273,651	293,138
Secured:				
- Current bank loans	1,305,170	1,685,313	–	–
- Non-current bank loans	7,533,815	6,143,142	–	–
	8,838,985	7,828,455	–	–
Unsecured:				
- Current bank loans	776,228	1,577,078	14,674	–
- Non-current bank loans	3,947,066	1,392,370	273,651	293,138
	4,723,294	2,969,448	288,325	293,138
	13,562,279	10,797,903	288,325	293,138

# NOTES TO FINANCIAL STATEMENTS

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## 22 BANK LOANS (Cont'd)

The following assets are pledged for the above secured bank loans and undrawn loan facilities:

	GROUP	
	2014 RMB'000	2013 RMB'000
Properties for development	250,139	947,054
Completed properties for sale	698,732	419,177
Properties under development for sale	21,237,304	19,679,508
Investment properties	6,543,000	5,505,000
Construction-in-progress	732,996	519,573
Bank deposits	–	10,266

## 23 CONVERTIBLE NOTES

The convertible notes issued on July 13, 2009 ("Notes 2014") matured on July 13, 2014. The Notes 2014 accrued interest at 5.85% per annum with interest payable on January 13 and July 13 of each year, commencing on January 13, 2010. The conversion price was initially S\$2.6208 per share, and had been adjusted to S\$2.5200 and S\$2.4900 per share on May 16, 2013 and June 6, 2014 respectively as a result of dividends declared by the Company. The conversion price could be further adjusted for certain specified dilutive and other events. The Company could, at any time on or after July 13, 2011 but before July 3, 2014, mandatorily convert all of the Notes 2014 if the volume weighted average price of the Company's shares was at least 130% of the conversion price in effect on the date of notice. The holders had the right to require the Company to redeem all or some of the Notes 2014 on July 13, 2012.

On July 13, 2012, the holders of S\$305 million (equivalent to RMB1.516 billion) outstanding Notes 2014 exercised the option to redeem the outstanding Notes 2014.

On July 14, 2014, the Company fully redeemed the remaining S\$70 million (equivalent to RMB348 million) outstanding Notes 2014 in accordance with the terms set out in the Trust Deed dated July 13, 2009. In addition, the equity reserve of Notes 2014 amounting to S\$39 million (equivalent to RMB182 million) was reclassified to accumulated profits during the year.

The net proceeds received from the issue of the Notes 2014 have been allocated between the liability and equity components. The equity component represents the fair value of the embedded option of the Company to convert the liability into equity.

	GROUP AND COMPANY	
	2014 RMB'000	2013 RMB'000
Nominal value of convertible notes issued	1,739,850	1,794,188
Equity component (gross before allocation of transaction costs)	(281,996)	(290,803)
Transaction costs	(21,244)	(21,907)
Liability component at date of issue	1,436,610	1,481,478
Cumulative interest accrued	553,798	552,480
Cumulative interest paid	(343,341)	(334,473)
Redemption	(1,639,964)	(1,356,267)
Fair value adjustment	(7,103)	(7,324)
Total	–	335,894
Interest payable within one year included in other payables (Note 26)	–	(9,633)
Liability component at end of year	–	326,261

# NOTES TO FINANCIAL STATEMENTS

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## 23 CONVERTIBLE NOTES (Cont'd)

The cumulative interest accrued on Notes 2014 is calculated by applying an effective interest rate of 11.3% (2013 : 11.3%) per annum to the liability component.

The management estimated the fair value of the liability component of the Notes 2014 at December 31, 2013 to be approximately RMB325 million. This fair value had been calculated by assuming redemption on July 13, 2014 and using interest rate of 8.9% per annum, compounded semi-annually. The interest rate was based on Singapore government's two-year treasury bill rate of 1.1% per annum which would mature on April 1, 2016, a credit spread risk margin of 6.3% per annum and holding the liquidity risk rate as a percentage of both the risk free rate and the liquidity risk rate constant.

## 24 SENIOR NOTES

The senior notes comprise notes issued in 2010, 2012, 2013 and 2014.

- (a) The senior notes issued on May 4, 2010 ("9.5% Notes 2017") would mature on May 4, 2017. The senior notes bore interest at 9.5% per annum with interest payable on May 4 and November 4 of each year, commencing on November 4, 2010. The senior notes were denominated in US dollars. During the year, the Company fully redeemed the 9.5% Notes 2017 in accordance with the terms set out in the Indenture dated May 4, 2010.
- (b) The senior notes issued on March 29, 2011 ("Notes 2018") will mature on March 29, 2018. The senior notes bears interest at 10.625% per annum with interest payable on March 29 and September 29 of each year, commencing on September 29, 2011. Prior to the maturity of the senior notes, the Company may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in US dollars.
- (c) The senior notes issued on May 23, 2013 ("Notes 2016") will mature on May 23, 2016. The senior notes bears interest at 5.375% per annum with interest payable on May 23 and November 23 of each year, commencing on November 23, 2013. Prior to the maturity of the senior notes, the issuer, which is a wholly-owned subsidiary of the Company, may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in RMB.
- (d) The senior notes issued on May 8, 2014 ("6.2% Notes 2017") will mature on May 8, 2017. The senior notes bears interest at 6.2% per annum with interest payable on May 8 and November 8 of each year, commencing on November 8, 2014. Prior to the maturity of the senior notes, the Company may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in SG dollars.



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## 24 SENIOR NOTES (Cont'd)

	GROUP		COMPANY	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Nominal value of senior notes issued	<b>8,160,600</b>	6,439,203	<b>6,160,600</b>	4,439,203
Transaction costs <sup>(1)</sup>	<b>(147,835)</b>	(126,999)	<b>(117,699)</b>	(96,863)
At date of issue <sup>(2)</sup>	<b>8,012,765</b>	6,312,204	<b>6,042,901</b>	4,342,340
Cumulative interest accrued	<b>2,038,654</b>	1,447,255	<b>1,849,951</b>	1,375,850
Cumulative interest paid	<b>(1,775,732)</b>	(1,300,523)	<b>(1,614,040)</b>	(1,246,331)
Redemption	<b>(1,808,641)</b>	–	<b>(1,808,641)</b>	–
Exchange difference	<b>(128,196)</b>	(168,328)	<b>(128,196)</b>	(168,328)
Total	<b>6,338,850</b>	6,290,608	<b>4,341,975</b>	4,303,531
Interest payable within one year included in other payables (Note 26)	<b>(94,968)</b>	(105,217)	<b>(83,482)</b>	(93,731)
Liability (non-current) at end of year	<b>6,243,882</b>	6,185,391	<b>4,258,493</b>	4,209,800

<sup>(1)</sup> Transaction costs included non-audit fees of RMB1 million, RMB2 million, RMB2 million and RMB2 million paid to the auditors of the Company in 2014, 2013, 2011 and 2010 respectively in connection with the issuance of senior notes of the Company (Note 31).

<sup>(2)</sup> Changes in amount at date of issue relative to the preceding year's amount include the effect of translation to the presentation currency and have been included in the currency translation reserve.

The cumulative interests accrued on 9.5% Notes 2017, Notes 2018, Notes 2016 and 6.2% Notes 2017 are calculated by applying effective interest rates of 10.3% (2013 : 10.3%), 11.3% (2013 : 11.3%), 6.0% (2013 : 6.0%) and 6.8% (2013 : Nil%) per annum respectively.

The management estimates the fair value of 9.5% Notes 2017, Notes 2018, Notes 2016 and 6.2% Notes 2017 at December 31, 2014 to be approximately RMB Nil, RMB2.558 billion, RMB1.945 billion and RMB1.878 billion (2013 : RMB1.943 billion, RMB2.677 billion, RMB1.973 billion and RMB Nil) respectively. These fair values are based on the prices obtained from banks' publications.

In 2010, six of its subsidiaries provided a joint guarantee in respect of 9.5% Notes 2017 issued by the Company amounting to RMB1.987 billion (equivalent to US\$300 million) for a term of seven years up to May 4, 2017. The joint guarantee approximated RMB1.829 billion, the equivalent of US\$300 million as at the end of 2013. Additionally, shares in six of its subsidiaries were charged in favour of the global security agent and trustee of 9.5% Notes 2017 as at December 31, 2013.

In 2011, six of its subsidiaries provided a joint guarantee in respect of Notes 2018 issued by the Company amounting to RMB2.520 billion (equivalent to US\$400 million) for a term of seven years up to March 29, 2018. The joint guarantee approximates RMB2.448 billion (2013 : RMB2.439 billion), the equivalent of US\$400 million as at the end of 2014. Additionally, shares in six of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2018.

In 2013, the Company and five of its subsidiaries provided a joint guarantee in respect of Notes 2016 issued by a wholly-owned subsidiary of the Company amounting to RMB2.000 billion (2013 : RMB2.000 billion) for a term of three years up to May 22, 2016 (Note 37). Additionally, shares in five of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2016.

In 2014, six of its subsidiaries provided a joint guarantee in respect of 6.2% Notes 2017 issued by the Company amounting to RMB1.856 billion (equivalent to S\$400 million) for a term of three years up to May 8, 2017. The joint guarantee approximates RMB1.856 billion, the equivalent of S\$400 million as at the end of 2014. Additionally, shares in six of its subsidiaries are charged in favour of the global security agent and trustee of 6.2% Notes 2017.

# NOTES TO FINANCIAL STATEMENTS

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## 25 TRADE PAYABLES

	GROUP	
	2014 RMB'000	2013 RMB'000
Non-controlling shareholder of a subsidiary	1,717,079	–
Outside parties	3,779,089	5,077,788
	<b>5,496,168</b>	5,077,788

The average credit period for trade payables is 186 days (2013 : 195 days).

## 26 OTHER PAYABLES

	GROUP		COMPANY	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Advances received from customers	7,183,139	6,076,399	–	–
Accrued expenses	80,979	55,847	2,355	3,203
Interest payable	132,354	147,761	84,465	103,806
Other payables	391,818	328,813	–	–
	<b>7,788,290</b>	6,608,820	<b>86,820</b>	107,009

## 27 REVENUE

	GROUP	
	2014 RMB'000	2013 RMB'000
Gross income from property development	11,559,222	11,194,259
Less: Business tax	(651,234)	(624,637)
Net income from property development	<b>10,907,988</b>	10,569,622
Gross income from property investment	514,395	522,118
Less: Business tax	(66,527)	(68,240)
Net income from property investment	<b>447,868</b>	453,878
Gross income from others	402,187	276,855
Less: Business tax	(24,709)	(20,246)
Net income from others	<b>377,478</b>	256,609
Total	<b>11,733,334</b>	11,280,109

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 28 OTHER OPERATING INCOME

	GROUP	
	2014 RMB'000	2013 RMB'000
Dividend income from held-for-trading investment	208	209
Fair value gain on investment properties (Note 8)	991,491	572,058
Fair value gain on held-for-trading investment	2,460	71
Interest income	81,626	42,062
Net gain on disposal of property, plant and equipment	303	–
Net gain on disposal of investment properties	1,202	1,091
Government subsidies	14,914	13,515
Others	8,002	7,522
<b>Total</b>	<b>1,100,206</b>	<b>636,528</b>

## 29 FINANCE COST

	GROUP	
	2014 RMB'000	2013 RMB'000
Interest on bank loans	825,149	615,809
Interest on convertible notes	19,089	35,469
Interest on senior notes	641,568	511,208
Interest to ultimate holding company (Note 5)	3,462	3,429
Interest to non-controlling shareholders of subsidiaries	1,072	30,619
<b>Total borrowing costs</b>	<b>1,490,340</b>	<b>1,196,534</b>
Less: Interest capitalised in		
– properties for development	(118,316)	(111,539)
– properties under development for sale	(1,135,458)	(876,953)
<b>Net</b>	<b>236,566</b>	<b>208,042</b>

## 30 INCOME TAX

	GROUP	
	2014 RMB'000	2013 RMB'000
Current - Foreign	791,949	741,992
Deferred income tax (Note 15)	140,722	94,839
Deferred withholding tax (Note 15)	76,009	86,187
Land appreciation tax ("LAT")	461,288	705,225
Under provision in prior years	8,796	17,626
<b>Total</b>	<b>1,478,764</b>	<b>1,645,869</b>

No provision for Singapore taxation has been made as the majority of the Group's income neither arises in, nor is derived from Singapore.

In 2014 and 2013, all taxation arising in the PRC is calculated at the prevailing rate of 25%.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 30 INCOME TAX (Cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the above income tax rate to profit before income tax as a result of the following differences:

	GROUP	
	2014 RMB'000	2013 RMB'000
Profit before income tax	<b>3,598,197</b>	3,737,968
Income tax expense at PRC applicable tax rate of 25%* (2013 : 25%*)	<b>899,549</b>	934,492
Non-deductible items	<b>132,148</b>	90,690
Non-taxable items	<b>(66,880)</b>	(36,382)
Effect of unutilised tax losses not recognised as deferred tax assets	<b>65,507</b>	21,501
Effect of different tax rates for certain subsidiaries	<b>626</b>	76
LAT	<b>461,288</b>	705,225
Effect of tax deduction on LAT	<b>(115,322)</b>	(176,306)
Withholding tax incurred	<b>76,009</b>	86,187
Under provision in prior years	<b>8,796</b>	17,626
Others	<b>17,043</b>	2,760
Total income tax expense	<b>1,478,764</b>	1,645,869

\* These are the applicable tax rates for most of the Group's taxable profits.

Income tax for overseas subsidiaries is calculated at the rates prevailing in the respective jurisdiction.

According to a PRC tax circular of State Administration of Taxation, Guoshuihan (2008) No.112, dividend distributed out of the profits generated since January 1, 2008 held by the PRC entity to non-resident investors shall be subject to PRC withholding income tax. Deferred tax liability of RMB76 million (2013 : RMB86 million) on the undistributed earnings of the PRC subsidiaries has been charged to the consolidated statement of profit or loss of the year.

### LAT

As disclosed in the prior years' audited consolidated financial statements, provision for the LAT with respect to properties sold in Shanghai Pudong New District prior to October 1, 2006 were not made as the directors of the Company, after taking into account legal advice received and consultation with the local Shanghai Pudong Tax Bureau, were of the opinion that the relevant tax authority is not likely to impose any LAT on a retrospective basis.

As at the end of the reporting period, the tax settlement process for a completed project and a phase of a project with properties sold in Shanghai Pudong New District prior to October 1, 2006 have been completed, with additional LAT payments made by the Group. For the projects with properties sold in Shanghai Pudong New District subsequent to October 1, 2006, the tax settlement amount determined by the tax authorities for a phase of a project which has commenced the tax settlement process was lower than what the Group has previously provided for based on the tax laws. Management has assessed and considers that the provision for LAT made by the Group relating to the above projects for which the tax settlement process has commenced or completed is adequate to meet the tax settlement amount determined by the tax authorities.



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 30 INCOME TAX (Cont'd)

Management is of the view that it is not probable that the tax authority will impose further LAT tax payments on the above projects located in Shanghai Pudong New District in excess of the provision previously made by the Group. The additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB599 million (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests). The amount has been disclosed as part of the Group's contingent liabilities in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Note 37).

The actual Group's LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects.

## 31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2014 RMB'000	2013 RMB'000
Depreciation of property, plant and equipment	30,661	35,418
Employee benefits expense (including directors' remuneration):		
Retirement benefit scheme contributions	51,995	44,217
Salaries and other short-term benefits	482,317	432,169
Total employee benefits expense	534,312	476,386
Directors' fees	1,945	1,956
Directors' remuneration:		
– of the Company	21,696	23,427
– of the subsidiaries	7,253	5,918
	28,949	29,345
Allowance for doubtful debts and bad debts written off	–	41
Fair value gain on investment properties (Note 8)	(991,491)	(572,058)
Fair value gain on held-for-trading investment	(2,460)	(71)
Net (gain) loss on disposal of property, plant and equipment	(303)	111
Net gain on disposal of investment properties	(1,202)	(1,091)
Net foreign exchange loss	38,956	97,598
Cost of completed properties for sale recognised as expenses	7,914,652	7,006,238
Audit fees:		
– paid to auditors of the Company	3,903	3,979
– paid to other auditors	1,477	1,395
Total audit fees	5,380	5,374
Non-audit fees:		
– paid to auditors of the Company <sup>(1)</sup>	161	89
– paid to other auditors	1,417	1,147
Total non-audit fees	1,578	1,236
Aggregate amount of fees paid to auditors	6,958	6,610

<sup>(1)</sup> In 2014 and 2013, total non-audit fees paid to auditors of the Company in connection with the issuance of senior notes by the Group have been capitalised in the carrying amount of the senior notes (Note 24).

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 32 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	GROUP	
	2014 RMB'000	2013 RMB'000
<u>Earnings</u>		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	<b>1,359,447</b>	1,473,753
Effect of dilutive potential ordinary shares due to interests on convertible notes	<b>3,518</b>	6,535
Earnings for the purposes of diluted earnings per share	<b>1,362,965</b>	1,480,288

	GROUP	
	2014 '000	2013 '000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>1,948,736</b>	1,948,736
Effect of dilutive potential ordinary shares due to convertible notes	<b>14,722</b>	27,618
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>1,963,458</b>	1,976,354

	GROUP	
	2014	2013
Earnings per share (Renminbi cents):		
Basic	<b>69.76</b>	75.63
Diluted	<b>69.42</b>	74.90

## 33 DIVIDENDS

In 2014, RMB125,097,190 of dividends was paid in respect of a first and final one-tier tax exempt dividend of 6.42 Renminbi cents (equivalent to 1.30 Singapore cents) per ordinary share declared for the financial year ended December 31, 2013.

In 2013, RMB181,362,980 of dividends was paid in respect of a first and final one-tier tax exempt dividend of 9.31 Renminbi cents (equivalent to 1.86 Singapore cents) per ordinary share declared for the financial year ended December 31, 2012.

In respect of the current year, the directors proposed a first and final one-tier tax exempt dividend of 6.33 Renminbi cents (equivalent to 1.30 Singapore cents) per ordinary share amounting to RMB123,409,972. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 34 SEGMENT INFORMATION

The Group's reportable operating segments are as follows:

- (i) Property development: Development of residential, commercial and other properties.
- (ii) Property investment: Leasing of properties to generate rental income and to gain from the appreciation in the value of the properties in the long term.
- (iii) Others: Provision of property management, ancillary services, advance purchase of construction materials, investment holding and others.

Information regarding the operations of each reportable segments are included below. The management monitors the operating results of each operating segment for the purpose of making decisions on resource allocation and performance assessment.

The Group's operations are located in the PRC, hence no analysis by geographical area of operations is provided.

### *Segment revenue and results*

The following is an analysis of the Group's revenue and results by reportable segment:

	GROUP			
	Revenue		Profit (loss) before income tax	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Property development	<b>10,907,988</b>	10,569,622	<b>2,626,019</b>	3,221,482
Property investment	<b>447,868</b>	453,878	<b>1,092,393</b>	712,934
Others	<b>377,478</b>	256,609	<b>(120,215)</b>	(196,448)
<b>Total</b>	<b>11,733,334</b>	11,280,109	<b>3,598,197</b>	3,737,968

Segment profit represents the profit earned by each segment as determined using the Group's accounting policy. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

### *Segment assets*

	GROUP	
	2014 RMB'000	2013 RMB'000
Property development	<b>54,468,886</b>	49,333,375
Property investment	<b>11,290,939</b>	9,784,186
Others	<b>1,566,820</b>	2,321,444
<b>Total assets</b>	<b>67,326,645</b>	61,439,005

All assets are allocated to reportable segments. Liabilities are not allocated as they are not monitored by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 34 SEGMENT INFORMATION (Cont'd)

*Other segment information*

	GROUP			
	Depreciation		Additions to non-current assets	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Property development	<b>17,479</b>	17,863	<b>3,482,811</b>	2,343,686
Property investment	<b>10,281</b>	15,427	<b>420,179</b>	217,536
Others	<b>5,061</b>	4,203	<b>10,908</b>	12,404
Total	<b>32,821</b>	37,493	<b>3,913,898</b>	2,573,626

## 35 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	GROUP	
	2014 RMB'000	2013 RMB'000
Minimum lease payments under operating leases recognised as an expense in the year	<b>16,842</b>	16,312

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP	
	2014 RMB'000	2013 RMB'000
Within one year	<b>16,698</b>	16,916
In the second to fifth year inclusive	<b>28,212</b>	23,325
More than five years	<b>15,737</b>	17,962
	<b>60,647</b>	58,203

Operating lease payments substantially represent rental payables by the Group in respect of land and buildings for its office premises and staff accommodation. Leases are negotiated for an average term of less than 2 years (2013 : less than 4 years).



# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 35 OPERATING LEASE ARRANGEMENTS (Cont'd)

### The Group as lessor

The Group rents out its investment properties and certain completed properties for sale in the PRC under operating leases. Property rental income earned during the year was RMB424 million (2013 : RMB436 million).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

	GROUP	
	2014 RMB'000	2013 RMB'000
Within one year	<b>304,202</b>	272,913
In the second to fifth year inclusive	<b>605,979</b>	606,013
More than five years	<b>654,594</b>	760,711
	<b>1,564,775</b>	1,639,637

## 36 CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements:

	GROUP	
	2014 RMB'000	2013 RMB'000
Investment properties	<b>166,360</b>	5,453

## 37 CONTINGENCIES AND GUARANTEES

As at December 31, 2014, the Group has provided guarantees of approximately RMB2.531 billion (2013 : RMB1.565 billion) to banks for the benefit of its customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties. Should such guarantees be called upon, there would be an outflow of cash (previously collected by the Group) from the Group to the banks to discharge the obligations. The management has made enquiries with the banks and considered the profile of customers who bought the Group's properties and concluded that the likelihood of these guarantees being called upon is low. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security for the mortgage loan granted.

As described in Note 30, the additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB599 million (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests).

As at December 31, 2014, the Company, together with five of its subsidiaries, has provided a joint guarantee in respect of senior notes issued by a wholly-owned subsidiary amounting to RMB2.000 billion (2013 : RMB2.000 billion) for a remaining term of less than two years up to May 22, 2016.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

## 37 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2014, the Company, together with five of its subsidiaries, has provided joint guarantees to banks in respect of the following loan facilities granted to a subsidiary:

- A loan facility amounting to RMB404 million (equivalent to US\$66 million) (2013 : RMB622 million (equivalent to US\$102 million)) for a remaining term of less than one year up to May 13, 2015. The loan facility was fully drawn down as at the end of 2014 and 2013.
- A loan facility amounting to RMB245 million (equivalent to US\$40 million) (2013 : RMB305 million (equivalent to US\$50 million)) for a remaining term of less than one year up to December 30, 2015. The loan facility was fully drawn down as at the end of 2014 and 2013.
- A loan facility amounting to RMB2.356 billion (equivalent to US\$385 million) (2013 : RMB Nil) for a remaining term of less than three years up to June 23, 2017. As at December 31, 2014, an amount of RMB1.909 billion (equivalent to US\$312 million) has been drawn down.

As at December 31, 2013, the Company, together with five of its subsidiaries, had provided a joint guarantee to banks in respect of a loan facility granted to a subsidiary amounting to RMB915 million (equivalent to US\$150 million) for a remaining term of less than one year up to July 3, 2014. On July 3, 2014, the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.

As at December 31, 2014, the Company had provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB116 million (equivalent to S\$25 million) (2013 : RMB203 million (equivalent to S\$43 million)) for a remaining term of less than one year up to March 31, 2015. The loan facility was fully drawn down as at the end of 2014 and 2013.

As at December 31, 2014, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB1.699 billion (2013 : RMB1.785 billion) for a remaining term of less than eight years up to July 26, 2022. The loan facility was fully drawn down as at the end of 2014 and 2013.

As at December 31, 2014, the Company has provided a guarantee to a non-controlling shareholder of subsidiaries in respect of an interest-free current advance to a subsidiary amounting to RMB91 million (equivalent to US\$15 million) (2013 : RMB90 million (equivalent to US\$15 million)).

As at December 31, 2014, the joint venture Singapore Intelligent Eco Island Development Pte. Ltd. ("SIEID") has pledged its shares in the joint venture Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd. ("SSNEHID") to banks as security for credit facilities used by a wholly-owned subsidiary of SSNEHID for property development. SIEID's contingent liability under this pledge of its shareholding in SSNEHID is limited to an amount of RMB361 million (2013 : RMB528 million). A subsidiary of the Company has provided guarantee of RMB275 million (2013 : RMB401 million) for the same credit facilities.

As at December 31, 2014, a subsidiary of the Company has provided guarantee to banks in respect of a credit facility granted to a wholly-owned subsidiary of SSNEHID amounting to RMB1.100 billion (2013 : RMB Nil) for a remaining term of less than four years up to September 25, 2018. The loan facility was fully drawn down as at the end of 2014. The subsidiary's contingent liability as at December 31, 2014 for this guarantee is limited to an amount of RMB171 million (2013 : RMB Nil).

The management is of the view that the fair value of the financial guarantees provided by the Group and the Company are not significant.

## INTERESTED PERSON TRANSACTIONS

The details of interested person transactions (“IPTs”) entered into during the financial year under review were as follows:-

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY 2014	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) FY 2014
Yanlord Holdings Pte. Ltd.*	RMB11,290,670	Not applicable
Pretty Honour Investment Limited*	RMB19,880,280	Not applicable
Zhong Si Min*	RMB7,810,314	Not applicable
Total	RMB38,981,264	Not applicable

Note:

\* Associates (as defined in the SGX Listing Manual) of Zhong Sheng Jian, director and controlling shareholder of the Company.

The Group does not have a shareholders' general mandate for IPTs.

Save as disclosed above, there was no material contract entered into by the Company and its subsidiaries involving the interests of the chief executive officer or any director or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

# SHAREHOLDING STATISTICS

As at 11 March 2015

Number of Shares Issued	:	1,948,736,476
Class of Shares	:	Ordinary shares with one vote per share
Issued and Paid-up Share Capital	:	S\$1,482,552,080
Number of Treasury Shares	:	Nil

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 - 99	10	0.14	188	0.00
100 - 1,000	487	6.67	481,457	0.02
1,001 - 10,000	4,733	64.85	26,845,605	1.38
10,001 - 1,000,000	2,038	27.93	84,773,105	4.35
1,000,001 AND ABOVE	30	0.41	1,836,636,121	94.25
<b>TOTAL</b>	<b>7,298</b>	<b>100.00</b>	<b>1,948,736,476</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	Percentage (%)
YANLORD HOLDINGS PTE. LTD.	1,035,390,000	53.13
UOB KAY HIAN PRIVATE LIMITED	339,188,358	17.41
BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	130,861,412	6.72
HL BANK NOMINEES (SINGAPORE) PTE LTD	113,800,100	5.84
CITIBANK NOMINEES SINGAPORE PTE LTD	56,841,974	2.92
DBS NOMINEES (PRIVATE) LIMITED	35,885,331	1.84
HSBC (SINGAPORE) NOMINEES PTE LTD	21,406,117	1.10
RAFFLES NOMINEES (PTE) LIMITED	18,318,481	0.94
DBSN SERVICES PTE. LTD.	11,771,680	0.60
MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	8,841,609	0.45
OCBC SECURITIES PRIVATE LIMITED	7,568,300	0.39
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	7,533,000	0.39
WANG NANHUA	7,383,000	0.38
UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,889,600	0.35
DB NOMINEES (SINGAPORE) PTE LTD	4,369,041	0.22
MAYBANK KIM ENG SECURITIES PTE. LTD.	3,626,200	0.19
ONG ENG LOKE	2,760,000	0.14
CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,566,099	0.13
LEE PINEAPPLE COMPANY PTE LTD	2,500,000	0.13
ZHENG XI	2,461,000	0.13
<b>TOTAL</b>	<b>1,819,961,302</b>	<b>93.40</b>



# SHAREHOLDING STATISTICS

As at 11 March 2015

## SUBSTANTIAL SHAREHOLDERS

As Stated in the Register of Substantial Shareholders

Name	No. of Shares Held				
	Direct Interest	Percentage (%)	Deemed Interest	Percentage (%)	Total Interest (%)
YANLORD HOLDINGS PTE. LTD. <sup>1</sup>	1,278,390,000	65.60	–	–	65.60
ZHONG SHENG JIAN <sup>2</sup>	10,371,700	0.53	1,278,390,000	65.60	66.13
ABERDEEN ASSET MANAGEMENT PLC <sup>3</sup>	–	–	194,758,000	9.99	9.99
ABERDEEN ASSET MANAGEMENT ASIA LIMITED <sup>4</sup>	–	–	174,905,000	8.98	8.98
ABERDEEN INTERNATIONAL FUND MANAGERS LIMITED <sup>5</sup>	–	–	136,172,700	6.99	6.99
BURLINGHAM INTERNATIONAL LIMITED <sup>6</sup>	–	–	99,309,000	5.10	5.10
HPRY HOLDINGS LIMITED <sup>7</sup>	7,398,600	0.38	90,543,000	4.65	5.03
K INVESTMENT SERVICES LIMITED	–	–	99,309,000	5.10	5.10
KUOK KHOON HONG <sup>8</sup>	–	–	97,582,600	5.01	5.01
LIM ENG HOCK <sup>9</sup>	–	–	114,000,000	5.85	5.85
MARTUA SITORUS <sup>10</sup>	–	–	99,309,000	5.10	5.10
RIDGWAY CAPITAL LIMITED <sup>11</sup>	–	–	99,309,000	5.10	5.10
TERZETTO CAPITAL LIMITED	99,309,000	5.10	–	–	5.10
WEE EE CHAO <sup>12</sup>	–	–	136,450,000	7.00	7.00

Notes:

- Interest held directly and via nominee accounts.
- Zhong Sheng Jian is deemed to be interested in 1,278,390,000 ordinary shares held by Yanlord Holdings Pte. Ltd.
- Aberdeen Asset Management PLC ("AAM") is deemed to have an interest in the shares of the Company held by the accounts managed or advised by AAM.
- Aberdeen Asset Management Asia Limited ("AAMA") is deemed to have an interest in the shares of the Company held by the accounts managed or advised by AAMA.
- Aberdeen International Fund Managers Limited ("AIFM") is deemed to have an interest in the shares of the Company held by the accounts managed or advised by AIFM.
- Burlingham International Limited is deemed to have an interest in the shares of the Company held by Terzetto Capital Limited.
- HPRY Holdings Limited is deemed to have an interest in the shares of the Company held by Terzetto Capital Limited.
- Kuok Khoo Hong is deemed to have an interest in the shares of the Company held by Terzetto Capital Limited, HPRY Holdings Limited, Longhlin Asia Limited and Hong Lee Holdings (Pte) Ltd.
- Lim Eng Hock is deemed to have an interest in the shares of the Company held by Terzetto Capital Limited and Meriton Capital Limited.
- Martua Sitorus is deemed to have an interest in the shares of the Company held by Burlingham International Limited.
- Ridgway Capital Limited is deemed to have an interest in the shares of the Company held by Terzetto Capital Limited.
- Wee Ee Chao is deemed to have an interest in the shares of the Company held by Terzetto Capital Limited and K.I.P. Inc.

Based on the information available to the Company as at 11 March 2015, approximately 13% of the issued ordinary shares of the Company is held by the public and accordingly, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

# CORPORATE GOVERNANCE STATEMENT

Yanlord Land Group Limited (“Company” and its group of companies, “Group”) is committed to complying with the Code of Corporate Governance 2012 (“Code”) so as to safeguard the interests of the shareholders (“Shareholders”). This statement outlines the Company’s corporate governance processes and activities that were in place during the financial year.

## BOARD MATTERS

### PRINCIPLE 1: BOARD’S CONDUCT OF AFFAIRS

The principal functions of the board of directors of the Company (“Board”) include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group’s corporate and strategic policies and direction.

Matters which are specifically reserved for the Board’s approval include, among others, significant corporate matters, major undertakings and all matters and transactions listed in the SGX’s Listing Manual (“Listing Manual”) that require Board’s approval. The Board dictates the strategic direction and management of the Company through quarterly reviews of the financial performance of the Group. To facilitate effective management, certain functions of the Board have been delegated to various Board’s committees namely, the Audit Committee (“AC”), the Nominating Committee (“NC”), the Remuneration Committee (“RC”) and the Risk Management Committee (“RMC”) (collectively, “Board Committees”).

The Company’s Articles of Association (“AA”) are sufficiently flexible to allow a director to participate at a meeting via telephone, video conference or by means of similar communication equipment. In the course of the financial year under review, the details of the number of meetings held and attended by each of the members of the Board and Board Committees are set out below:

Director	Board Meeting		AC Meeting		NC Meeting		RC Meeting		RMC Meeting	
	Held*	Attendance	Held*	Attendance	Held*	Attendance	Held*	Attendance	Held*	Attendance
Zhong Sheng Jian	4	4	—	—	1	1	—	—	1	1
Zhong Siliang	4	4	—	—	—	—	—	—	—	—
Chan Yiu Ling	4	4	—	—	—	—	—	—	—	—
Hong Zhi Hua	4	4	—	—	—	—	—	—	—	—
Ronald Seah Lim Siang	4	4	4	4	1	1	1	1	—	—
Ng Ser Miang	4	4	—	—	1	1	—	—	1	1
Ng Shin Ein	4	4	4	4	—	—	1	1	1	1
Ng Jui Ping	4	4	4	4	—	—	1	1	1	1

Notes:

- \* Reflects the number of meetings held during the time that the director held office.
- Indicates that the director was not a member of that committee during the year.

A director, upon appointment, would be given information on the Group’s business, structure and corporate and strategic direction. The directors visit the development sites of the Group as and when time permits and receive relevant training and briefings, particularly on relevant new laws and regulations and changing commercial risks, from time to time, if necessary. The directors are also provided with further explanation and information on any aspect of the Company’s operation or business issues from the management of the Company (“Management”) at quarterly board meetings or as and when so requested by the directors.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises:

- |    |                        |                                      |
|----|------------------------|--------------------------------------|
| 1. | Zhong Sheng Jian:      | Chairman and Chief Executive Officer |
| 2. | Zhong Siliang:         | Executive Director                   |
| 3. | Chan Yiu Ling:         | Executive Director                   |
| 4. | Hong Zhi Hua:          | Executive Director                   |
| 5. | Ronald Seah Lim Siang: | Lead Independent Director            |
| 6. | Ng Ser Miang:          | Independent Director                 |
| 7. | Ng Shin Ein:           | Independent Director                 |
| 8. | Ng Jui Ping:           | Independent Director                 |

The Board determines, at the recommendation of the NC, the independence of each independent director adopting the independence test recommended by the Code. There is a strong and independent element on the Board, with independent directors making up half of the Board. The Board believes that the size and composition of the Board, their experience and core competencies in various fields are appropriate and effective, taking into consideration the scope and nature of operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

## PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Zhong Sheng Jian currently fulfills the roles as the Chairman of the Board (“Chairman”) and the Chief Executive Officer (“CEO”) of the Company. The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on the corporate affairs of the Group. Pursuant to the recommendation in the Code, the Company has also appointed Ronald Seah Lim Siang as its lead independent director.

The Chairman and the CEO is responsible for, among others, exercising control over the quality, quantity and timeliness of the flow of information within the Board and between the Board and the Management, and assisting in ensuring compliance with the Company’s guidelines on corporate governance. The independent directors may meet without the presence of the executive directors from time to time, when necessary.

## PRINCIPLE 4: BOARD MEMBERSHIP

## PRINCIPLE 5: BOARD PERFORMANCE

### NOMINATING COMMITTEE (“NC”)

The NC makes recommendations to the Board on all board appointments. The majority of the members of the NC, including its chairman, are independent. The chairman of the NC is Ng Ser Miang and the other members are Zhong Sheng Jian and our lead independent director, Ronald Seah Lim Siang. The NC is guided by its terms of reference which set out its responsibilities. The NC’s responsibilities include:

- (a) reviewing and recommending the nomination and re-election of our directors having regard to the director’s contribution and performance;
- (b) determining on an annual basis whether or not a director is independent; and
- (c) assessing the performance of our Board, Board Committees as well as contribution of the Chairman and each director to the effectiveness of the Board.

## CORPORATE GOVERNANCE STATEMENT

A new director shall be appointed by the Board after taking into consideration the recommendation made by the NC. Selection of candidates to be considered for appointment as directors is facilitated through recommendations from reliable sources. The NC, in considering the appointment and re-appointment of any director, evaluates the criteria of the new directors and performance of the existing directors. The assessment parameters for the new directors include integrity, diversity of competencies and expertise of the new directors. The assessment parameters for the existing directors include attendance records at meetings, intensity of participation at meetings and the quality of interventions.

The AA of the Company requires new directors appointed during the year to submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. The AA also requires one-third of the Board to retire by rotation at every AGM. This means that no director may stay in office for more than three years without being re-elected by Shareholders. On an annual basis, the NC also reviews and makes recommendation on the list of directors who are subject to retire by rotation and whether the composition of the Board shall remain unchanged taking into consideration, among others, each director's competencies, commitment, contribution and performance. Such recommendations will then be submitted to the Board for Board's consideration thereafter. The NC is of the view that although some of the directors have multiple board representations in other listed entities, such multiple board representations do not hinder them from carrying out their duties as directors. Instead, these directors' participation in other listed entities would widen the experience of the Board and give it a broader perspective. The NC shall make recommendation to the Board for the Board to consider adopting the recommendation of the Code to determine the maximum number of listed company board representations which any director may hold as and when necessary.

The Company has in place a system to assess the performance of the Board as a whole, its Board Committee and the contribution by the Chairman to the effectiveness of the Board on an annual basis ("Performance Assessment"). In carrying out the Performance Assessment, the NC and Board take into consideration the views of each individual director. Each director shall complete a questionnaire setting out their respective views on the performance of the Board, Board Committees and Chairman based on various aspects such as the structure of Board and Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal controls and Company's performance. When assessing the overall performance of the Board, the NC and Board also take into account the directors' number of listed company board representations and other principal commitments as defined in the Code to determine if a director is able to and has been adequately carrying out his duties as a director of the Company. The contribution of the Chairman is assessed taking into consideration the role of Chairman as prescribed by the Code. The Chairman abstained from participating in his own assessment. The results of the completed questionnaires are compiled into a summary report and the same is tabled for review by the NC and circulated to the Board for consideration thereafter. The Board, having satisfied with its performance, would resolve to retain the current composition of the Board taking into consideration, among others, each director's competencies, commitment, contribution and performance.

The NC also assessed the performance of individual directors on an annual basis based on factors such as the director's attendance record at the meetings of Board and Board Committees, intensity of participation at meetings and the quality of interventions. Recommendation in respect of the contribution of each individual director to the effectiveness of the Board will be made to the Board thereafter.

Key information regarding the directors is set out in this Annual Report ("2014 Annual Report") under the heading entitled "Board of Directors".

### **PRINCIPLE 6: ACCESS TO INFORMATION**

The Board was provided with financial information, as well as relevant background information and documents relating to items of business to be discussed at Board meetings prior to the scheduled meetings. The directors may (whether individually or as a group), in the furtherance of their duties, take independent professional advice (e.g. auditors), if necessary, at the Company's expense.



# CORPORATE GOVERNANCE STATEMENT

The Board has separate and independent access to the Management and Company Secretary at all times. The directors are entitled to request from the Management and be provided with such additional information as needed to make informed decisions in a timely manner.

The Company Secretary attends all Board and Board Committees meetings. The role of the Company Secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary also ensures good information flows within the Board and Board Committees and between the Management and independent directors.

## REMUNERATION MATTERS

### PRINCIPLE 7: PROCEDURE FOR DEVELOPING REMUNERATION POLICIES

### PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

### PRINCIPLE 9: DISCLOSURE OF REMUNERATION

## REMUNERATION COMMITTEE ("RC")

The RC comprises 3 members, all of whom are independent and non-executive directors. The chairman of the RC is Ng Jui Ping and the other 2 members are Ronald Seah Lim Siang and Ng Shin Ein.

The RC is guided by its terms of reference which set out its responsibilities. The RC recommends to the Board, a framework of remuneration for the directors and reviews the remuneration packages for each director and key management personnel. The recommendations of the RC are submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors' fees, salaries, annual performance incentives and other benefits including benefits in kind are reviewed by the RC. The RC also administers the Company's Share Option Scheme 2006.

The RC had also reviewed the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service and opined that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No director or member of the RC has been involved in deciding his own remuneration package. The total remuneration mix for the CEO, executive directors and top 5 key executive officers (who are not also directors or the CEO) ("Top 5 Key Management Personnel") of the Group comprises three key components namely, basic salary, annual performance incentive and other benefits including benefits in kind. A significant and appropriate proportion of executive directors' and Key Management Personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company. Performance conditions to which entitlement to such incentives are met include benchmarking performance to business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance vis-à-vis industry performance. The extent to which the performance conditions have been met was taken into account in determining the actual quantum of variable component of remuneration. Whilst the Company currently does not make use of contractual provisions to allow the Company to reclaim incentive components of remuneration paid to its executive directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company, it will consider adopting such contractual provisions, as and when appropriate.

Save for directors' fees, which have to be approved by the Shareholders at every AGM, the independent directors do not receive any other remuneration from the Company.

Taking into consideration the competitive human resource environment which is especially pronounced in the Group's segment of property market in China, it is proposed that the remuneration of the directors be disclosed in the 2014 Annual Report in bands of S\$250,000 instead of disclosing such figures to the nearest thousand as required by the Code.

# CORPORATE GOVERNANCE STATEMENT

## 1. Remuneration of Directors for FY2014

The remuneration (which includes basic salaries, annual performance incentives, directors' fees and other benefits including benefits in kind, if any) paid or payable to each of the directors for FY2014, in bands of S\$250,000, are as follows:

Remuneration Band	Basic Salary	Annual Performance Incentives	Directors' Fees	Other benefits including benefits in kind	Total
<b>S\$4,250,000 to S\$4,499,999</b> Zhong Sheng Jian	5.8%	94%	–	0.2%	100%
<b>S\$500,000 to S\$749,999</b> Hong Zhi Hua	76%	24%	–	–	100%
<b>S\$250,000 to S\$499,999</b> Zhong Siliang	76%	24%	–	–	100%
Chan Yiu Ling	76%	24%	–	–	100%
<b>Below S\$250,000</b> Ronald Seah Lim Siang	–	–	100%	–	100%
Ng Ser Miang	–	–	100%	–	100%
Ng Shin Ein	–	–	100%	–	100%
Ng Jui Ping	–	–	100%	–	100%

## 2. Remuneration of the Top 5 Key Management Personnel for FY2014

The remuneration (which includes basic salaries, annual performance incentives and other benefits including benefits in kind, if any) paid or payable to each of the following personnel for FY2014, based on their respective employment periods served in FY2014, in bands of S\$250,000, are as follows:

Remuneration Band	Basic Salary	Annual Performance Incentives	Directors' Fees	Other benefits including benefits in kind	Total
<b>S\$500,000 to S\$749,999</b> Zhang Hao Ning	76%	24%	–	–	100%
<b>S\$250,000 to S\$499,999</b> Chen Ping	75%	25%	–	–	100%
Lam Ching Fung	80%	20%	–	–	100%
Zhou Cheng	80%	20%	–	–	100%
Zhong Bailing	76%	24%	–	–	100%

The total remuneration paid to the Top 5 Key Management Personnel for FY2014 was S\$2,479,317.

## CORPORATE GOVERNANCE STATEMENT

### 3. Remuneration of employees who are immediate family members (i.e. spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO, and whose remuneration exceed S\$50,000 during the year

Remuneration Band	Position	Relationship	Basic Salary	Annual Performance Incentive	Directors' Fees	Other benefits including benefits in kind	Total
<b>S\$450,000 to S\$499,999</b> Zheng Xi	Vice-Chairman of Yanlord Investment (Nanjing) Co., Ltd.	Brother of our Chairman & CEO, Zhong Sheng Jian	80%	20%	–	–	100%
<b>S\$200,000 to S\$249,999</b> Zhong Si Nuo	Assistant to our Chairman & CEO, Zhong Sheng Jian	Daughter of our Chairman & CEO, Zhong Sheng Jian	82%	18%	–	–	100%
<b>S\$150,000 to S\$199,999</b> Chung Chiu Yan	Director of Yanlord Investment (Nanjing) Co., Ltd.	Brother of our Chairman & CEO, Zhong Sheng Jian	100%	–	–	–	100%
Zhong Ming	Assistance General Manager of Shanghai Renpin Development Co., Ltd.	Son of our Chairman & CEO, Zhong Sheng Jian	85%	15%	–	–	100%
Zhong Si Li	Assistant to General Manager of Shenzhen Long Wei Xin Investment Co., Ltd.	Brother of Zhong Siliang, our Executive Director	84%	16%	–	–	100%
<b>S\$50,000 to S\$99,999</b> Zhong Si Min	Finance Manager of Shanghai Yanlord Xing Tang Real Estate Co., Ltd.	Brother of Zhong Siliang, our Executive Director	83%	17%	–	–	100%

The Company has a share option scheme namely, Yanlord Land Group Share Option Scheme 2006 (“ESOS 2006”). Details of the ESOS 2006 are set out in the Report of the Directors.

# CORPORATE GOVERNANCE STATEMENT

## ACCOUNTABILITY AND AUDIT

### PRINCIPLE 10: ACCOUNTABILITY

The Board understands its accountability to the Shareholders for the Group's performance, and Management understands its role in providing all members of the Board with financial accounts and such explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

The Management is accountable to the Board and presents to the Board, quarterly and full year financial results after the same are reviewed by the AC. The Board reviews and approves the results and authorises the release of results to the public via SGXNET.

### PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board ensures that a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets is maintained by the Management. The internal controls are intended to provide reasonable but not absolute assurance against material misstatements or losses and include the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2014.

The Board has received assurance from the Chairman and CEO and the Group Financial Controller that for the financial year under review, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

### RISK MANAGEMENT COMMITTEE ("RMC")

The RMC comprises 4 members. The chairman of the RMC is Ng Shin Ein and the other 3 members are Zhong Sheng Jian, Ng Ser Miang and Ng Jui Ping. The RMC is guided by its terms of reference which set out its responsibilities including:

- (a) identifying, measuring, managing and controlling risks that may have a significant impact on the Group's property development activities;
- (b) reviewing and assessing the Group's risk related policies and methodologies; and
- (c) considering and reviewing matters that may have a significant impact on the stability and integrity of the property market in the People's Republic of China.

The Board, with the assistance of the RMC, determines the Company's levels of risk tolerance and risk policies, and oversee the Management in the design, implementation and monitoring of the risk management system.

### PRINCIPLE 12: AUDIT COMMITTEE ("AC")

The AC comprises 3 independent and non-executive directors. The chairman of the AC is Ronald Seah Lim Siang and the other 2 members are Ng Shin Ein and Ng Jui Ping. The AC is guided by its terms of reference which set out its responsibilities.

## CORPORATE GOVERNANCE STATEMENT

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The duties of the AC include:

- (a) review with the external auditors and where applicable, our internal auditors, their audit plans, their evaluation of the system of internal accounting controls, their letters to Management and the Management's response;
- (b) review quarterly and annual financial results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (c) review and report to the Board the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss issues and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- (d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- (e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
- (f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- (g) review potential conflicts of interest, if any;
- (h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (i) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

The AC meets, at a minimum, on a quarterly basis. In the event that a member of the AC is interested in any matter being considered by the AC, he would abstain from reviewing that particular transaction or voting on that particular resolution. If necessary, the AC also meets with the internal and external auditors without the presence of Management. The internal and external auditors have unrestricted access to the AC and vice versa. The AC has been given full access to and co-operation of the Management and has reasonable resources to enable it to discharge its function properly.

The Group incurred an aggregate amount of fees of approximately RMB6 million to the external auditors, Deloitte & Touche LLP, Singapore and Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC (collectively, "Deloitte"), comprising audit fees of approximately RMB4 million and non-audit services fee of approximately RMB2 million for the year under review. In compliance with Rule 1207(6)(b) of the Listing Manual, the AC confirmed that it has undertaken a review of all non-audit services provided by Deloitte and they would not, in the AC's opinion, affect the independence of Deloitte.

The Group has complied with Rules 712 and 715 of the Listing Manual in appointing the audit firms for the Group, its foreign subsidiaries and associated companies.



# CORPORATE GOVERNANCE STATEMENT

The AC held 4 meetings during the year and carried out its duties as set out within its terms of reference including matters such as reviewing and recommending the relevant financial results to the Board before the same are released on SGXNET, reviewing the internal audit reports and reviewing the re-appointment of external auditors and the audit fees. The AC will also be briefed and updated of any changes to accounting standards and issues which may have direct impact on financial statements from time to time where necessary.

The Company has in place a whistle-blowing policy which provides an avenue for employees of the Group and any other persons to raise concerns about possible improprieties in matters of financial reporting, accounting or auditing, internal controls or internal accounting controls and other operational matters ("Complaint"). The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report their concerns. Every Complaint raise shall be lodged with the Internal Audit Manager of the Company. The internal audit department maintains a complaint register for the purposes of recording details of such Complaints. The whistle-blowing procedure is set out below:-

## 1. Definitions

The following words as used shall have the meanings ascribed here:

- 1.1 "Possible Malpractice" means any activity, breach of business conduct and ethics or omission by an employee of the Group or any concerns regarding accounting or auditing matters, internal controls or internal accounting controls and other operational matters that are either questionable or not in accordance with accepted accounting practices and / or trade practices prescribed by the Group.
- 1.2 "Complaint" means any complaint alleging either Possible Malpractices or Retaliatory Action.
- 1.3 "Retaliatory Action" means the use or attempted use of force, authority, intimidation, threat, undue pressure of any kind or any other negative or other inappropriate action, by any employee or officer of the Group, against any person who has filed a Complaint.

## 2. Reporting of Possible Malpractices

The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report genuine concerns about Possible Malpractices in matters of financial reporting or other matters in strict confidence, (please refer to item 1.1) they may encounter, without fear of Retaliatory Action.

## 3. Procedure

### 3.1 Lodging a Complaint

3.1.1 Every Complaint shall be lodged with the Internal Audit Manager of the Company by the following means:-

- 1) By Email

Email address: patrick@yanlord.com.hk  
Attention: The Internal Audit Manager

OR

# CORPORATE GOVERNANCE STATEMENT

## 2) By Mail

Attention: The Internal Audit Manager  
Address: 38F Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(Mark envelope "Private and Confidential")

All correspondence shall be treated with the strictest confidence.

### 3.1.2 The complainant must provide his particulars ("Particulars") as follows:

#### 3.1.2.1 In the case of employee of the Group:-

- (a) Name;
- (b) Department / Company;
- (c) Contact Number; and
- (d) Email if available.

#### 3.1.2.2 In the case of any other person:-

- (a) Name;
- (b) Correspondence Address / Company;
- (c) Contact Number; and
- (d) Email if available.

The Complaint would not be attended to if the Particulars are not stated. Each complainant is required to provide the Particulars to allegations because appropriate follow-up questions and investigations may not be possible unless the source of the information is identified. By providing the Particulars to the Company, each complainant agrees for the Company to use and disclose the Particulars for purposes of the Complaint.

## 3.2 Confidentiality of Identity

Every effort will be made to protect the complainant's identity. The identity of the complainant shall be confidential save where:

- 3.2.1 the identity of the complainant, in the opinion of the AC, is material to any investigation;
- 3.2.2 it is required by law, or by the order or directive of a court of law, regulatory body or by the Singapore Exchange or such other body that has the jurisdiction and authority of the law to require such identity to be revealed;
- 3.2.3 the AC with the concurrence of the Board of Directors opined that it would be in the best interests of the Group to disclose the identity;
- 3.2.4 it is determined that the Complaint was frivolous, in bad faith, or in abuse of these policies and procedures and lodged with malicious or mischievous intent; or
- 3.2.5 the identity of such complainant is already in the public domain.

# CORPORATE GOVERNANCE STATEMENT

## PRINCIPLE 13: INTERNAL AUDIT

The Group has an in-house internal audit function (“Internal Audit”) that is independent of the activities it audits. The Internal Audit is also staffed with persons of relevant qualifications and experience. The Internal Audit reports directly to the AC chairman, and administratively to the Chairman and CEO. The internal auditors have unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC.

The key role of the Internal Audit is to promote effective internal controls in the Group and to monitor the performance and effective application of internal controls procedures. The Internal Audit carries out its function according to the standard set by internationally recognised professional bodies. The AC is satisfied that the Company’s internal audit function is adequately resourced and effective.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### PRINCIPLE 14: SHAREHOLDER RIGHTS

All Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights.

In-line with continuous disclosure obligations of the Company, the Board’s policy is that Shareholders be informed promptly of any major development that may have a material impact on the Group’s performance and affect the price or value of the Company’s shares. Information is communicated to Shareholders on a timely basis, through annual reports that are to be issued to all Shareholders within the mandatory period, quarterly financial statements announcements, press releases and other relevant announcements via SGXNET. The Company does not practice selective disclosure.

All the general meetings of Shareholders are held in Singapore to ensure that Shareholders have the opportunity to participate and vote at the general meetings. Shareholders are informed of the relevant rules including procedures that govern general meetings of Shareholders.

### PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company has a team of investor relations staff to promote regular, effective and fair communication with Shareholders and investors. In addition to disclosing relevant information of the Group via SGXNET as set out above, the Company also operates its corporate website at [www.yanlordland.com](http://www.yanlordland.com) through which Shareholders will be able to access updated information on the Group. The website provides corporate announcements, press releases and other information of the Group. The Group participated in activities such as global investor conferences, analyst briefings and roadshows to solicit and understand the views of the Shareholders and investors. A brief write-up of the Group’s investor relations activities can be found in the 2014 Annual Report.

Declaration of dividends, if any, are clearly communicated to Shareholders and where dividends are not paid, explanations are given to the Shareholders too. Such communications with Shareholders are made via SGXNET announcements.

# CORPORATE GOVERNANCE STATEMENT

## **PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS**

All registered Shareholders are invited to participate and given the right to vote on resolutions at general meetings. Proxy form is sent with notice of general meeting to all Shareholders in accordance with the provision of the AA. If any Shareholder is unable to attend the general meeting in person, he may appoint not more than two proxies in accordance with the provision of the AA for the proxies to attend and vote on his behalf at the general meeting. At the general meetings, Shareholders will be given the opportunity to express their views and make enquiries regarding the business and operations of the Group. Voting in absentia by mail, facsimile or email is currently not allowed as such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the Shareholders' identity. Separate resolutions are proposed for substantially separate issues at the general meetings. The results of all general meetings are disclosed by way of an announcement through SGXNET.

In FY2014, all directors including our four independent directors and the external auditors attended the annual general meeting of the Company held on 25 April 2014 except for two executive directors, Chan Yiu Ling and Hong Zhi Hua due to work commitments. The directors will strive to attend all general meetings of Shareholders to address Shareholders' queries.

The Company will conduct voting by poll at all general meetings of Shareholders which are to be convened in accordance with the relevant rules and regulations and make relevant disclosure of the voting outcomes in accordance with the prescribed format pursuant to Chapter 7 of the Listing Manual.

## **DEALINGS IN SECURITIES**

The Company has adopted and implemented an internal compliance code to provide guidance to its directors and key employees in relation to the dealings in its securities issued by the SGX. Directors and key employees who have access to material price sensitive information are prohibited from dealing in securities of the Company prior to the announcement of such information. They are also prohibited from dealing in the Company's securities one month prior to the announcement of the Company's full year financial statements and two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and are further prohibited from dealing in the Company's securities on short-term considerations.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting (“AGM”) of Yanlord Land Group Limited (“Company” or “Yanlord”) will be held on Tuesday, 28 April 2015 at 2.00 p.m. at Capricorn, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 to transact the following business:

### AS ROUTINE BUSINESS

1. To receive and adopt the directors’ report and the audited financial statements for the financial year ended 31 December 2014 together with the auditors’ report thereon. **(Resolution 1)**
2. To declare a first and final (one-tier) tax-exempt dividend of 1.30 Singapore cents (equivalent to approximately 6.33 Renminbi cents) per ordinary share for the year ended 31 December 2014. **(Resolution 2)**
3. To approve the payment of Directors’ Fees of S\$400,000 (equivalent to approximately RMB1,948,553) for the year ended 31 December 2014 (FY2013: S\$400,000, equivalent to approximately RMB1,970,520). **(Resolution 3)**
4. To re-elect the following Directors, each of whom will retire pursuant to Article 91 of the Articles of Association (“AA”) of the Company and who, being eligible, offer themselves for re-election:
  - a) Zhong Sheng Jian **(Resolution 4a)**
  - b) Hong Zhi Hua **(Resolution 4b)**
  - c) Ng Shin Ein **(Resolution 4c)**
5. To re-appoint Messrs Deloitte & Touche LLP, Singapore as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

### AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without any amendments, the following resolutions as Ordinary Resolutions:
  - 6A. That pursuant to Section 161 of the Companies Act, Cap. 50 (“Act”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:-
    - (a) (i) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
    - (ii) make or grant offers, agreements or options (collectively, “Instruments” and each, an “Instrument”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,
 

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
  - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,



## NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:-
  - (i) new Shares arising from the conversion or exercise of any convertible securities or share options on issue at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the AA for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier. **(Resolution 6)**

6B. That approval be and is hereby given to the Directors to:-

- (a) offer and grant options in accordance with the provisions of the Yanlord Land Group Share Option Scheme 2006 ("ESOS 2006"); and
- (b) allot and issue from time to time such number of Shares as may be issued pursuant to the exercise of options under the ESOS 2006,

provided that the aggregate number of Shares to be issued pursuant to the ESOS 2006 shall not exceed fifteen per cent. (15%) of the total issued Shares from time to time. **(Resolution 7)**

6C. That:-

- (1) for the purposes of sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued and fully paid Shares not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:-
  - (a) market purchases on the SGX-ST ("Market Purchase"); and/or

## NOTICE OF ANNUAL GENERAL MEETING

- (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act ("Off-Market Purchase"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buyback Mandate");

- (2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

- (a) the date on which the next AGM of the Company is held; or
- (b) the date by which the next AGM of the Company is required by law to be held.

In this Resolution:-

"Maximum Percentage" means that number of issued Shares representing not more than 10% of the total number of issued Shares as at date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

"Average Closing Price" means the average of the closing prices of a Share over the last five (5) market days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- (3) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN THAT the Share Transfer Book and Register of Members of the Company will be closed on 20 May 2015, for the purpose of determining the shareholders' entitlements to the first and final (one-tier) tax-exempt dividend of 1.30 Singapore cents (equivalent to approximately 6.33 Renminbi cents) per ordinary share for the year ended 31 December 2014 ("Proposed Dividend") to be proposed at the AGM of the Company to be held on 28 April 2015.

Duly completed registrable transfers in respect of Shares of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 19 May 2015 will be registered to determine shareholders' entitlements to the Proposed Dividend. Shareholders whose securities accounts with the Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 19 May 2015 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the forthcoming AGM, will be paid on 5 June 2015.

## BY ORDER OF THE BOARD

Lim Poh Choo  
Company Secretary

9 April 2015  
Singapore

### Notes to Notice of AGM:

- (i) A shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (ii) The instrument appointing a proxy must be deposited at the registered office of the Company at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for holding the AGM.
- (iii) Resolution 4a: Zhong Sheng Jian will, upon re-appointment as a Director of the Company, remain as Chairman and Chief Executive Officer and member of the Nominating and Risk Management Committees.
- (iv) Resolution 4c: Ng Shin Ein who is an independent director will, upon re-appointment as a Director of the Company, remain as Chairman of the Risk Management Committee and member of the Audit and Remuneration Committees.
- (v) Resolution 5, if passed, is to empower the Directors from the date of the AGM to be held on 28 April 2015 until the date of next AGM, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent. (50%) of the total number issued Shares excluding treasury shares in the capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a pro-rata basis to shareholders (calculated as described above).
- (vi) Resolution 7, if passed, is to authorise the Directors to offer and grant options in accordance with the provisions of the ESOS 2006 and to allot and issue from time to time such number of Shares as may be issued pursuant to the exercise of options under the ESOS 2006, provided that the aggregate number of Shares to be issued pursuant to the ESOS 2006 shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding treasury shares in the capital of the Company from time to time.
- (vii) Resolution 8 relates to the renewal of the Share Buyback Mandate which was originally approved by shareholders on 2 April 2009. Please refer to Appendix I to this Notice of AGM for details.

### Personal Data Privacy:

By attending the AGM and/or any adjournment thereof and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Member of the Company (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (or its agents), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

**YANLORD LAND GROUP LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration No. 200601911K

**PROXY FORM  
ANNUAL GENERAL MEETING****IMPORTANT:**

- For investors who have used their CPF monies to buy shares of Yanlord Land Group Limited, the 2014 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of Yanlord Land Group Limited (the "Company" or "Yanlord") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%
(a)				

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%
(b)				

or failing him/her, the Chairman of the annual general meeting of the Company ("AGM") to be held at Capricorn, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Tuesday, 28 April 2015 at 2.00 p.m. and at any adjournment thereof, as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM. (Please indicate with an "X" in the space provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of the AGM. In the absence of specific directions, the proxy will vote or abstain as the proxy deems fit).

No.	Ordinary Resolutions	For	Against
	<b>ROUTINE BUSINESS</b>		
1	Adoption of Reports and Accounts		
2	Declaration of Dividend		
3	Approval of Directors' Fees		
4	(a) Re-election of Zhong Sheng Jian as Director		
	(b) Re-election of Hong Zhi Hua as Director		
	(c) Re-election of Ng Shin Ein as Director		
5	Re-appointment of Auditors		
	<b>SPECIAL BUSINESS</b>		
6	Authority for Directors to issue shares and convertible securities		
7	Authority for Directors to grant options and to issue shares under Yanlord Share Option Scheme 2006		
8	Renewal of Share Buyback Mandate		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Total number of Shares held

\_\_\_\_\_  
Signature(s) or Common Seal of Member(s)**IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON THE REVERSE**

## PROXY FORM

Affix  
Stamp  
Here

**THE COMPANY SECRETARY**  
**YANLORD LAND GROUP LIMITED**  
9 Temasek Boulevard  
#36-02 Suntec Tower Two  
Singapore 038989

Fold here

Fold here

### NOTES TO PROXY FORM:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
4. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap 50.
6. The Company shall be entitled to reject an instrument appointing a proxy/proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor contained in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
7. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for the AGM.
8. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Zhong Sheng Jian  
*Chairman and Chief Executive Officer*

Zhong Siliang  
*Executive Director*

Chan Yiu Ling  
*Executive Director*

Hong Zhi Hua  
*Executive Director*

Ronald Seah Lim Siang  
*Lead Independent Director*

Ng Ser Miang  
*Independent Director*

Ng Shin Ein  
*Independent Director*

Ng Jui Ping  
*Independent Director*

## AUDIT COMMITTEE

Ronald Seah Lim Siang, *Chairman*  
Ng Shin Ein  
Ng Jui Ping

## NOMINATING COMMITTEE

Ng Ser Miang, *Chairman*  
Ronald Seah Lim Siang  
Zhong Sheng Jian

## REMUNERATION COMMITTEE

Ng Jui Ping, *Chairman*  
Ronald Seah Lim Siang  
Ng Shin Ein

## RISK MANAGEMENT COMMITTEE

Ng Shin Ein, *Chairman*  
Ng Ser Miang  
Ng Jui Ping  
Zhong Sheng Jian

## COMPANY SECRETARY

Lim Poh Choo

## GROUP FINANCIAL CONTROLLER

Jim Chan Chi Wai

## REGISTERED OFFICE

9 Temasek Boulevard  
#36-02 Suntec Tower Two  
Singapore 038989  
Tel: (65) 6336 2922  
Fax: (65) 6238 6256  
Registration No.: 200601911K

## WEBSITE

<http://www.yanlordland.com>

## AUDITORS

Deloitte & Touche LLP  
6 Shenton Way, OUE Downtown 2  
#33-00  
Singapore 068809  
Partner-in-charge:  
Tay Hwee Ling  
(Appointed on October 14, 2013)

## SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Corporate & Advisory  
Services Pte. Ltd.  
50 Raffles Place  
Singapore Land Tower #32-01  
Singapore 048623  
(Appointed on March 7, 2006)

## PRINCIPAL BANKERS

Industrial and Commercial Bank  
of China  
Bank of Shanghai  
The Hongkong and Shanghai  
Banking Corporation Ltd  
Hang Seng Bank Limited  
DBS Bank Ltd  
Standard Chartered Bank Limited  
Bank of China

## STOCK EXCHANGE LISTING

Singapore Exchange Securities  
Trading Limited

## DATE AND COUNTRY OF INCORPORATION

February 13, 2006, Singapore